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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable in databases. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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BSP Seen as 'Reluctant' To Assume Power

AU1210090794 Sofia KONTINENT in Bulgarian 10 Oct 94 p 4

[Commentary by Georgi Asyov: "Evading Power"]

[FBIS Translated Text] On 9 October the Bulgarian Socialist Party [BSP] held a plenum and discussed an old dilemma—should the party support new elections, which the party will inevitably win and then be forced to assume power, or should it continue to protract things in a rapidly changing situation, which could produce all kinds of surprises.

Regardless of how reluctant it is to hold new elections (because afterward it would have to implement reforms), the BSP is obviously reconciled to the idea and, therefore, at its 9 October plenum confirmed its earlier decision to vote against Ludzhev's cabinet. Thus—new elections are on the agenda! Afterward, the plenum could turn to the second item of its agenda, which indeed was the main item, namely, the issue of coalition partners. 20 Positano Street [BSP headquarters] is afraid of ruling alone, and, therefore, the BSP is frantically seeking partners—both real and phantom ones—with whom they would share the benefits and hardships of the coming difficult rule. It is precisely this that conceals a great danger for the BSP, namely, that real coalition partners could enter parliament under the BSP's protective wing, and then initiate a policy that is not to the liking of the BSP Supreme Council. On the other hand, if the "allies" are only phantom-formations, they would be too weak to share responsibility with the BSP. As far as a coalition with parties that entered parliament on their own is concerned—this is a matter in which the BSP's guess is good as anyone's—nothing is clear.

The plenum confirmed the desire of the current National Assembly to continue its functions until a new one is elected, and thus control the unruly President Zhelev and create an opportunity for its members to continue and enjoy their privileges, so that in the coming election campaign the extraparliamentary candidates will not be equal to the God-anointed present deputies.

BSP Proposes 'Uninterrupted' Assembly Sessions

AU1110172194 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 11 Oct 94

[FBIS Translated Text] The position of the Bulgarian Socialist Party [BSP] on the constitutional amendments remains unchanged. This has been decided at today's meeting of the BSP Executive Bureau and the leadership of the BSP parliamentary faction, Yanaki Stoilov, deputy chairman of the BSP Supreme Council, said at the BSP's regular weekly news conference.

The BSP will continue to insist on prolonging the activity of the National Assembly until the election of a new parliament. Today the BSP will propose to the other parliamentary factions to hold uninterrupted daily sessions until 17 October, when the president is expected to dissolve the National Assembly.

At its meeting this morning the BSP Executive Bureau confirmed the BSP position that the New Choice parliamentary faction offers no new choice to Bulgaria. According to the Socialists, Bulgaria does not need this model and policy now. The proposed cabinet's paucity in anything related to suitable people is also very obvious.

The color of the ballot and the height of the barrier are of absolutely no importance to the BSP. As Klara Marinova said, whatever the color and no matter how high the barrier, the BSP will again be present in the next parliament.

Army's 'Political Fragmentation' Seen as 'Fatal'

AU1210084894 Sofia KONTINENT in Bulgarian 10 Oct 94 p 4

[Commentary by Kosta Lyubomirov: "Parties and Uniforms"]

[FBIS Translated Text] Retired General Lyutskanov has officially announced the establishment of the "Honor and Dignity" Patriotic Officer Organization, an act that has been expected for a long time. This is the fifth but hardly the last organization of active and retired Bulgarian Army officers.

There is a general consensus that all these organizations are identical in their goals and programs. Consequently, behind each of those patriotic and "purely trade unionist" associations there is a specific political force, which strives to control as many uniforms—preferably generals' uniforms—as possible.

The political fragmentation of the Bulgarian Army, which is anyway in a pitiful situation, is fatal. At a certain moment, for example, the "blue" [Union of Democratic Forces] lieutenants could refuse to obey the orders of a "red" [Bulgarian Socialist Party] colonel. For their part, the soldiers, always ready to evade their duties, could announce at a certain moment that they are royalists and that they refuse to implement republican orders. And then it is only one additional step to a coup or a military putsch.

Alas, such a fragmentation is nothing new in the Bulgarian Army. However, even during the time of "Zveno" [the military-political association that carried out the coup of 19 May, 1934] and the Military Legion [anticommunist officers' organization that toppled the government of the Bulgarian Agrarian National Union on 9 June 1923] the military was united in one goal—defending the fatherland from external enemies.

The present politicization of the Bulgarian Army could deprive it of its minimum possibilities to defend the country. Then the belief that God is a Bulgarian will be our only hope.

'Scandals' Harm Arms Exports to India, China

AU1110171994 Sofia STANDART NEWS in Bulgarian 4 Oct 94 p 1

[Report by Teodora Peeva and Ognyan Stefanov: "Scandals Close Indian Market for Bulgarian Arms"]

[FBIS Translated Text] On 3 October STANDART NEWS learned that the military industrial complex had lost one of its major markets—India—because of misunderstandings between the Ministry of Defense and some of Bulgaria's greatest companies in the field of specialized production. Sources in the Ministry of Defense and the National Assembly National Security Commission confirmed that after the blunders with the Yemen and Albania arms deals the Bulgarian-Indian Specialists' Working Group had suspended its activity.

One could add to this failure the talks with representatives of China and North Korea, which were stopped. The main reason was the information leak caused by scandals between various Bulgarian departments.

Last week Industry Minister Rumen Bikov openly accused the Interdepartmental Council on the Military Industrial Complex of failing to implement its own restructuring projects.

Because of the fear of a new scandal, the government dropped from its agenda the issue of who should appoint the managers of the companies that deal with specialized production—the Trade Ministry or the Ministry of Industry. Last year the dispute between Valentin Karabashev and Rumen Bikov ended in the compromise decision to form the Interdepartmental Council and appoint Evgeni Matinchev [deputy prime minister] as its chairman. Two weeks ago it was the deputy prime minister himself who withdrew from the cabinet agenda the documents related to appointing the managers, because they had been worked out without his participation and had not been coordinated with him.

Evgeni Matinchev has told STANDART NEWS that there is no conflict between the Ministry of Industry and the Interdepartmental Council on the Military Industrial Complex, and that there is no chaos in this sector. The deputy prime minister also said that it is no accident that all decisions are made by a consensus, and that it is not by chance that the military industrial complex will be the only sector with a positive balance. He also said that at present a proposal is being discussed to allow the various army branches to sell the weapons they do not need on their own, without resorting to the services of mediators, who pocket substantial commissions.

Police Seize Ammunition at FYROM Border

AU1110134294 Sofia DUMA in Bulgarian 6 Oct 94 p 2

[DUMA PRESS report: "Two Detained TIR Trucks Transported Ammunition for Antiaircraft Arms"]

[FBIS Translated Text] On 5 October it was reported that the two TIR trucks detained at the Zlatarevo border checkpoint on the Bulgarian-Macedonian [FYROM—The Former Yugoslav Republic of Macedonia] border on the night of 3-4 October were carrying 23-mm ammunition for antiaircraft artillery. The ammunition was found in metal containers.

The trucks were loaded and sealed in the city of Prilep. The ammunition had been concealed by wooden fittings and furniture parts. The Krasimira Mitreva Company in Sandanski [in southwest Bulgaria] was the intended addressee. The trucks were supposed to transit Bulgaria and Greece and reach one of the Aegean ports, where the goods would have been loaded onto a vessel bound for Thailand. The customs authorities were shown documents for importing parts used for the repair of furniture, which is the Sandanski company's business. Informed sources reported on 5 October that the customs officers at the Zlatarevo checkpoint had been informed about the illegal arms traffic. The trucks transporting the ammunition arrived at the checkpoint during the early hours of the morning, when the employees were mostly tired, and the night shift was about to end. However, the customs officers became suspicious when they checked the length of time it took the trucks to travel from Prilep to Zlatarevo and assumed that the hour of arrival had been deliberately timed.

According to informed sources, the shipment contained 1 million antiaircraft machine gun rounds. According to preliminary information the shipment is worth about $2 million. One round of ammunition costs about 20 cents on the black market of former Yugoslavia. The two trucks are owned by the Vanesa Company, whose president is the Petrich businessman Ivan Kochev-Tshombe. Lawyers maintain that he has no responsibility in the case, because the businessman's functions are confined to conveying goods whose documents appear to be in order.

This is the second attempt within a month to transport arms and ammunition to Greece under the cover of wooden material. Ammunition from a Plovdiv company was discovered when the vehicles that transported it suddenly left the Kulata border checkpoint. After a long and dramatic chase the "Road Crime" Specialized Group of the Blagoevgrad Regional Directorate of the Interior Ministry stopped the trucks at Krasnensko Gorge. The policemen discovered 500,000 rounds of ammunition in that particular shipment.

The shipment seized on the night of 3-4 October was stored at the Regional Directorate of the Interior Ministry. An investigation has been started.

Slovak Envoy Complains About Czech Press

AU1110132394 Bratislava NARODNA OBRODA in Slovak 10 Oct 94 p 6

[Article by Branislav Janik: "Czech Media Untruthful About Slovakia"]

[FBIS Translated Text] Prague—According to Ivan Mjartan, ambassador of the Slovak Republic in Prague, the Czech media often comment inappropriately on the present situation in Slovakia. Mjartan cannot agree with the negativist campaign waged by a great part of the Czech mass media as a citizen, let alone as the ambassador of a sovereign state. In a personal letter to Minister Zieleniec, Mjartan wrote: "Similar attitudes, often expressed by Czech politicians as well as by journalists, are all the more alarming because representatives of the almost 60 missions in Prague with accreditation in the Slovak Republic might also evaluate the situation in Slovakia through their prism. I am convinced that we will find in you an objective advocate who, in the spirit of basic international ethics, will reject scenarios in which Slovakia is portrayed as an unstable country, whose failures accentuate the viability of the Czech Republic. I believe that, also from your point of view, such a cheap search for excuses is shortsighted, incorrect, and self-serving." Mr. Mjartan added that he understands the apprehension of our newspaper, but, at the same time, he voiced the assurance that the Slovak mission is attentive and decisive in those matters [sentence as published]. It employs, for example, a Czech radio journalist as embassy spokesman. He knows his country's journalists best and has supposedly been of exceptional help to the embassy.

Czech Politicians Mistrusted but Not Rejected

94CH0430C Prague PRAGUE POST in English 20 Sep 94 p 5

[Article by Kathleen Knox: "Czechs Don't Trust Their Leaders—But That's OK"]

[FBIS Transcribed Text] A recent survey concluded that the Czech public doesn't trust its politicians as far as it can throw them. But apparently this is doing little to hurt their popularity.

According to a poll of just over 1,000 people, three out of four citizens think that political scandals and affairs are routinely hushed up. Just over two-thirds of those questioned said that even after politicians' dirty linen is given a public airing, nothing ever changes.

The survey was conducted by the Institute for Public Opinion Research (IVVM). For the first time, the institute included nine questions on the less savory side of politics.

The results imply that various public scandals are fresh in the public's memory. They include the unsolved case of an electronic listening device found at the Ministry of Justice. The device itself was reported lost and investigators subsequently dropped the case for lack of evidence.

Also unresolved was the allegation that parliament Chairman Milan Uhde used his influence to benefit his wife's company, and the mystery of how an investment company ended up obtaining thousands of valuable Cokoladovny candy company shares.

The allegation that former federal Deputy Prime Minister Miroslav Macek used his position to gain control of a state publishing company pointed out the lack of a conflict-of-interest law. In the end, Macek's associates got to keep control of the company. In the two years since, legislators have failed to create a conflict-of-interest law.

Olga Vyborna, assistant dean of Charles University's Social Sciences Faculty, said the public may perceive more scandals than actually occur because of past experience.

"I don't think ... more is covered up here than in other countries," she said. "(But) we were always used to being cheated, and people think there's been no change."

Wealth, Vyborna added, automatically arouses suspicions. "Some (politicians) are richer than the average person, which people find difficult to come to terms with," she said. "Before, when someone was rich, he was a crook."

But if Czechs do have long memories for their politicians' peccadilloes, perhaps there's another reason.

"Uncovering and reporting on scandals is a new phenomenon (here)," said Karla Brom of the Institute for East West Studies. "It carries more weight in a Czech mind than in an American mind, because the U.S. media have lost some credibility by (doing nothing but) uncovering scandals."

The Czech media did not come out of the poll spotless either, however. Just under half the IVVM's respondents said journalists blew various affairs out of proportion.

These same intrigues were a source of shame for 58 percent of the IVVM's respondents, who said scandals made a fool of Czechs in front of the rest of the world.

But, said Vyborna, this was a case of a gap in understanding. "People don't have much experience of how our country is seen abroad, and there's not much written about it in the media here," she said.

In general, she said, there's very little interest in the Czech Republic outside the country.

Aero Accused of Favoritism in Jet Trainer Deal

94CH0430B Prague PRAGUE POST in English 20 Sep 94 p 4

[Article by Brendan McNally: "Jet Company Head Accused of Favoritism Toward Israeli Firm"]

[FBIS Transcribed Text] Relations between aircraft manufacturer Aero Vodochody and the Czech Defense Ministry have broken down over what is seen as unwarranted favoritism toward an Israeli contractor.

At issue is the L-159 program, which is to turn Aero Vodochody's L-59 jet trainer into a multiple combat aircraft.

The Defense Ministry, which has paid for much of the aircraft's development costs, believes the L-159 could be a big winner in the world arms market because of its low cost and rugged performance. Many Western defense contractors share this enthusiasm and have been vying to get aboard the program since it was announced.

Aero general director Zdenek Chalupnik has insisted that the Israeli company Elbit be selected to carry out the upgrade on the aircraft, even though the company is seen as likely to bring the smallest return to Aero.

Elbit insists on being the prime contractor—and reducing Aero to the role of subcontractor on its own aircraft.

Chalupnik's critics note that a similar deal arranged through Elbit brought little, if any, profit to Aero, while providing millions of dollars to Elbit.

Aero sold 36 jet trainers to Elbit for $1.3 million apiece. Elbit then added approximately $600,000 worth of electronics to the aircraft before selling them to Thailand for roughly $4.5 million each. Critics say a similar deal is brewing with the L-159.

The Western contractors Rockwell and Allied Signal are so eager to participate in the project that they have sought to outdo each other with lavish offers of industrial participation, technology transfer and financial assistance.

Early this summer, the competition was reduced from an original field of 12 competitors to three companies. Neither of the U.S. companies has insisted on being the prime contractor.

Dlouhy said he would support whatever avionics supplier is able to afford maximum NATO compatibility, which would seem to point toward the multinational team led by Rockwell.

According to sources, the Czech Defense Ministry also prefers Rockwell, primarily because it would offer maximum export potential and compatibility with NATO standards. A Defense Ministry evaluation rates Rockwell higher than Elbit on a number of factors, including credit and financing assistance, technical support, industrial participation and export-sales potential.

The ministry found that Rockwell outshone Elbit in almost all other areas. Rockwell, it said, "had a worldwide reputation for electronics and avionics excellence" and could offer "exclusive cooperation ... to the global market." Elbit, on the other hand, was cited as having a "good reputation but limited to certain countries"—specifically, to non-Arab states.

As a result of these conflicts, sources say the program is deadlocked, and communications between the Defense Ministry and Chalupnik are frozen.

Chalupnik refused to attend a key meeting with ministry officials in August to resolve the issue. The announcement of a contract decision, originally expected by the end of July, has been put off indefinitely.

"I can only say we hope to get the program under way soon," said Dobroslav Rak, chief L-159 designer at Aero Vodochody.

Further isolating Chalupnik was an evaluation conducted by Aero Vodochody's own technical staff. It reportedly concluded that Rockwell should be chosen over Elbit. Sources say the report so angered Chalupnik that he ordered all copies locked in his office safe.

Rak would not discuss the disagreement between Chalupnik and the technical staff, although he did acknowledge that Chalupnik had the study locked away. "It's company property, and it's secret," Rak said.

Comment on Meciar's Tactics in Forming Coalition

AU1210103994 Bratislava NARODNA OBRODA in Slovak 6 Oct 94 p 3

[Commentary by Juraj Alner: "What Kind of Government Will Slovakia Have—and When?"]

[FBIS Translated Excerpt] The election results have created a situation that has provoked a great deal of confusion. We have already written about the possible options. The course of the talks with the president on 4 October, however, raised further questions—and caused an undesirable uproar. [passage omitted]

It is natural that the government should be formed, first and foremost, by the chairman of the party/movement that won the most mandates in the election. This fact is not governed by any law. After the results were declared, the chairman of the Movement for a Democratic Slovakia [HZDS] said that he was also thinking about remaining in the opposition. The decision on which of the HZDS representatives—if any at all—is willing to form a government that will win the support of parliament lies with the movement itself. The president expressed his opinion to this effect at the first meeting. It was not a meeting of authorization, but was a preliminary consultative one.

If Vladimir Meciar forms the government, he can reckon with the support in parliament of the HZDS and the Slovak National Party, which will not give him a majority. So far, his endeavors to get Luptak's Association of Workers of Slovakia onto his side have been fruitless. The three groupings in the current governing coalition will also not win majority support, even with the possible tacit compliance of the Hungarian parties. Only a coalition involving the HZDS and at least one partner from the current coalition could achieve a real majority. It does not seem that any of them (Common Choice, Christian Democratic Movement, Democratic Union) would be willing to form a coalition government headed by Vladimir Meciar. And, vice versa, the HZDS chairman has not sent one favorable signal to these parties. Therefore, the president is seeking a compromise that would offer a way out of the complex situation.

They realize all of this in all of the party headquarters. The HZDS, too. If it really intends to form an acceptable government, it has to look for partners. This means that it has to seek a compromise. The conduct of the two HZDS representatives at the meeting with the president has indicated that it is not thinking about this. On the contrary: They brought the conflict to a head by stepping up the long-term assault on the president—an assault on the president of the sovereign Slovakia, for which we strived, on the president who came from their ranks and who they themselves put in this office.

This tactic can only be explained as an attempt to frustrate the constitutional course of action in appointing a government and to make it clear that the other parties will subject themselves to the diktat of the HZDS, or a parliamentary crisis from which there is no way out will erupt. They proceed from the claim that the majority of citizens voted for them. In fact, the number of votes the HZDS won in the election is accounted for by about 25 percent of eligible voters; two-thirds of those who voted cast their ballots for other parties. The voters clearly actuated an unequivocal coalition situation. Making it impossible to form a coalition government means a lack of respect for the citizens' will, to say nothing of casting doubt on the principle of democracy.

The nomination of I. Lexa to negotiate with President Kovac also testifies to the HZDS's intentions: We remember that he was the one at the root of the mutual conflicts.

Moreover, the categorical demand for the president to resign provides an inkling of the HZDS's future activity (or, at least, of the forceful part of its leadership), which the other part can barely venture to oppose. That is where the answer to resolving the problem lies because stepping up the confrontation will be a calamity for Slovakia.

The president has no reason to resign. He can only be recalled by 90 National Council deputies, and only then for activity oriented toward suppressing the Slovak Republic's democratic, constitutional system (Article 106 of the Constitution). And, in conclusion, a question: Who has such a prominent interest in assuming this office that he would subordinate all of his other activities to this aim?

KDH Chairman Views Postelection Situation

AU1110195494 Prague RUDE PRAVO in Czech 6 Oct 94 pp 1, 4

[Interview with Christian Democratic Movement Chairman Jan Carnogursky by Pavol Minarik in Bratislava; date not given: "Movement for a Democratic Slovakia Attempts at Confrontation Would Lead Slovakia to Decline"]

[FBIS Translated Text] [Minarik] What do the results of the Slovak parliamentary election bear out?

[Carnogursky] They are not that different from the results of the 1992 election. In my opinion, this bears out that the political elite perceives the shifts in political moods in Slovakia as being faster than they really are, or faster than rank-and-file citizens perceive them. The election confirmed, furthermore, that people's state of mind and even their subconscious are still more agitated emotionally than is the case in neighboring states. That is my explanation of the 35 percent of votes for the Movement for a Democratic Slovakia [HZDS].

[Minarik] The KDH [Christian Democratic Movement] is one of the few political parties that managed to improve its position in the election compared with 1992.

[Carnogursky] This testifies not only to the mental and political stability of the Christian population in Slovakia, but also to the fact that the KDH has overcome its decline and has become stabilized. It is also an indication that our rational arguments have their supporters in Slovakia. It is appropriate for the KDH chairman to use some quote from the Bible, even for RUDE PRAVO readers. In the Old Testament, when God wanted to destroy Sodom and Gomorrah, Abraham was negotiating with him on how many righteous inhabitants would be enough for God to spare the two cities. Abraham started with 100. He then kept lowering the number and, finally, he proposed to God not to destroy Sodom and Gomorrah if at least 10 righteous persons could be found in the two cities. If we convert the 10 righteous persons to our 10 percent of electoral votes, it means Slovakia has a chance.

[Minarik] How do you evaluate the rather modest result of the Common Choice (10.41 percent) and Weiss's Party of the Democratic Left [SDL]?

[Carnogursky] Their result confirmed our preelection skepticism regarding electoral coalitions. Voters are used to their parties. They know what they can expect from them, and, on the basis of this knowledge, they either vote for them or not. When the Common Choice was established, I can imagine that [SDL leaders] Peter Weiss, Milan Ftacnik, and Lubomir Fogas knew what was hidden under this name, but I am not sure that farmers in eastern Slovakia or workers in the East Slovak Ironworks had any idea. Incidentally, no coalition produced a synergy effect in the election. The Hungarian coalition won the simple arithmetic sum of the votes of the parties making it up, while the left-wing coalition even produced a loss of votes [for the SDL], compared with 1992. The same applies to the right wing, where the Democratic Party, which is the product of the merger of several parties, even won only 3.5 percent of the vote. The other factor that determined the poor election result of the Common Choice is that left-wing voters in Slovakia were used to, and agreed with, the often demagogic criticism of the post-November [1989] governments, and it seems that they were not prepared to seek, find, and make decisions on solving problems and to bear responsibility for those decisions. In the final analysis, the SDL's policy was probably too academic and too intellectual.

[Minarik] What about the 35 percent of the vote received by the HZDS? Did it not surprise you?

[Carnogursky] It did because preelection preferences indicated that the HZDS would receive under 30 percent. A certain role was evidently played by the trick with the voters' list and by the barring of Mr. Meciar from voting as it was presented by Slovak Television. The HZDS and Meciar, in particular, continue to offer Slovak voters the impression of a robust policy capable of leading Slovakia.

[Minarik] Does a grand coalition still have a chance of being formed, following the 4 October stir at the meeting of party representatives with the president?

[Carnogursky] The coming days and weeks will show whether the extemporization of Ivan Lexa and Olga Keltosova, in which they demanded the president's resignation and challenged his right to conduct talks on the formation of the future government, was their personal excess or the excess of a group within the HZDS or whether it is the position of the entire movement.

[Minarik] What is the difference between the president entrusting someone with forming a government and entrusting someone with holding talks on forming a government?

[Carnogursky] The act of entrusting someone with forming the government arises from Article 102 of the Slovak Constitution. The entrusted person then forms the cabinet, which assumes office and must submit to parliament its policy statement within 30 days. Parliament either passes a vote of confidence in the government or not. If the government does not win parliament's confidence, it loses its mandate, and, under the Constitution, someone else should be entrusted with forming the government. However, the government that loses its mandate carries out its functions until it is replaced by a new government. The other possibility, entrusting someone with opening negotiations on the possibility of forming a government, is not an act according to the Constitution of the Slovak Republic, but a noncommittal act by the president of the Republic, which need not have the consequence that the entrusted politician or movement will nominate ministers and will take charge of the ministries' administration.

[Minarik] What did President Kovac actually do on Tuesday?

[Carnogursky] The second option.

[Minarik] After the incident staged by the HZDS in the president's office on Tuesday, you sketched Slovakia's future in rather dark colors. Is this gloomy prospect a realistic one?

[Carnogursky] If the HZDS's attempts at confrontation and at bringing down the president of the Republic become permanent features, Slovakia will really face a period of instability and political and economic decline.

[Minarik] What kind of development can Slovakia expect in the near future?

[Carnogursky] The president called on the HZDS to conduct talks on forming a government. The HZDS was given two weeks to do that. The HZDS will apparently conduct these talks. We, too, have received from its leadership an invitation to a meeting. We will see whether the HZDS will manage to form a government. Consultations of other parties or, more accurately, of all parliamentary parties among themselves, are taking place concurrently. If I am to express myself in terms of the binary system, the first two possibilities are that a government either will or will not be formed. If a government is formed, the new government will take office. If no government is formed, Moravcik's present government will submit its resignation after the first meeting of the new parliament, but, under the Constitution, it will continue to govern until a new cabinet is formed. The Constitution sets no limits to such rule, so the government would stay in office until further provisions were made. But the approach to the government abroad would be considerably reserved.

There again, in the event of successful government formation, exist two possibilities. It will either be a cabinet with sufficient parliamentary support, which means at least 85 deputies and the chance of surviving the entire four-year period, or one with a bare majority of two or three votes above 75 out of 150, in which case the government would be unstable and would have the chance of surviving for approximately one year.

[Minarik] The situation appears to be deadlocked. Do you think this deadlock could be broken by a new election?

[Carnogursky] I still entertain the hope that the first solution will be found—that is, sufficient support for the new government. A new election would bring no other result than the last one. Moreover, it would compromise the democratic system as a whole in the eyes of the population.

[Minarik] Do you not think Vladimir Meciar is preparing the ground to take up the post of president of the Slovak Republic?

[Carnogursky] Until the end of President Michal Kovac's term of office, this could happen only over the KDH's dead body.

[Minarik] What is your view of the Hungarian tripartite coalition?

[Carnogursky] In my opinion, it was unreasonable for the Hungarians to include in their election manifesto the implementation of the Komarno Appeal, which is a plan for the establishment of a special administrative entity stretching along the entire southern border of the Slovak Republic, from west to east, which is unacceptable for all Slovak parties. After the election, they no longer insist on this demand. To be able to become part of the government coalition, they would have to abandon the plan.

[Minarik] Why are all of the Slovak parties, including the KDH, opposed to territorial autonomy, which Hungarian parties in Slovakia would like to achieve?

[Carnogursky] Because the territory in question is ethnically mixed, inhabited by Slovaks as well as Hungarians, and because it is unacceptable for Slovaks there to live on a territory governed by the Hungarian minority. The other thing is that, already twice in this century, in 1919 and 1938, Hungary sought to annex certain parts of southern Slovakia. In 1938, it even succeeded in it for some time, thanks to the Vienna Arbitrage. The situation in postcommunist Central Europe is not yet so stable, from the viewpoint of international policy and international law, that a plan for the creation of territorial autonomy with a preponderance of the Hungarian population would not provoke the suspicion that it might serve as the preparation for a change of borders when the international situation makes that possible.

[Minarik] SNS [Slovak National Party] Chairman Jan Slota declared that one of the basic tasks of the new parliament should be the passage of a law that would outlaw ethnic Hungarian parties.

[Carnogursky] That is out of the question. Hungarian parties operate in the Slovak Republic on the basis of generally valid civic rights guaranteed by the Constitution of the Slovak Republic and the Election Law, which allows the creation of any parties, with the exception of fascist ones.

KDH Sets Terms for Coalition With HZDS

AU1110144294 Bratislava PRAVDA in Slovak 10 Oct 94 p 2

[Article by Martin Krno: "Future Development Options"]

[FBIS Translated Text] Bratislava—During the weekend, the broader leading bodies of several parties and movements met to analyze the situation that has evolved on the Slovak political scene and the course of consultations on government formation and to discuss preparations for the approaching parliamentary election.

As Christian Democratic Movement [KDH] Chairman Jan Carnogursky informed journalists, at its meeting on 8 October, the KDH Council approved a report on the domestic political situation. It states, among other things, that the Christian Democrats will not join a coalition with a party or movement whose program includes attacking the president of the Slovak Republic. The KDH realizes that the Movement for a Democratic Slovakia [HZDS] is the strongest political entity and that a new government is scarcely imaginable without the support of the 70 deputies of which the HZDS avails itself, together with the Slovak National Party [SNS]. The main responsibility therefore rests with the HZDS, which should first explain its own ideas and the possible limits of concessions to its potential future coalition partners. KDH Deputy Chairman Frantisek Miklosko said that the reaction of the foreign press to the faux pas committed by [HZDS Secretary] Ivan Lexa and [HZDS Deputy Chairwoman] Olga Keltosova at the meeting with the president was devastating even for the taste of HZDS representatives. Jan Carnogursky said that the basic condition for the KDH's joining a government coalition with the HZDS would be a written coalition agreement, which would have to be published. Any requirements laid down in it would have to be well-founded and, above all, would have to correspond to the political reality. Frantisek Miklosko contended that "the apparent stalemate situation will be resolved by the first plenary meeting of the National Council when, during the election of the National Council chairman, a bloc will be formed consisting of HZDS and SNS deputies, with tacit support from the workers." This bloc will be able to elect whomever it wishes. Most probably it will elect Ivan Gasparovic. This will also be the key to the formation of the future government and its policy statement. "We are all already present to attend the wedding," Frantisek Miklosko said in conclusion, quoting a known Slovak actor. "Only the bride is missing...." The KDH assembly will be held in Kosice on 3 December.

ZRS Support for HZDS, SDL, SNS Coalition

AU1110145894 Bratislava SME in Slovak 8 Oct 94 p 2

[Article by "(dos)": "The Association of Workers of Slovakia Would Support a Coalition Involving the Party of the Democratic Left, the Movement for a Democratic Slovakia, and the Slovak National Party"]

[FBIS Translated Text] Bratislava—We would be pleased if the government were to be formed by the Party of the Democratic Left [SDL], the Movement for a Democratic Slovakia [HZDS], and the Slovak National Party [SNS]. It would be even better if it were also supported by the Christian Democratic Movement [KDH]. This statement was made yesterday by Association of Workers of Slovakia (ZRS) Chairman J. Luptak following his talks with HZDS representatives. According to him, the ZRS would even support such a government, although it is still of the opinion that it would prefer not to enter the government. I. Gasparovic, chairman of the National Council of the Slovak Republic, who represented the HZDS along with S. Kozlik, described a coalition in this form as a realizable possibility. However, in his opinion, other variants are also conceivable. S. Kozlik does not think that the negotiations will have proceeded far enough by 18 October to make possible the formation of a new government. According to him, 15 October, when the SDL Republican Council convenes and "relations within the SDL are settled finally," is the minimal time frame. The ZRS submitted the demands it has set for its support for the government to the HZDS representatives. According to Gasparovic, the HZDS does not consider the ZRS's demands to be unfulfillable. In his view, the programs of the HZDS and the ZRS are very similar, especially as far as certain social programs are concerned. Neither the ZRS's demand for the resignations of those deputies who, in the past, maligned the workers nor the president was discussed at the meeting. On the basis of the HZDS's talks with the SDL, the ZRS, the KDH, and the SNS, Gasparovic is convinced that there is scope for an agreement. In his view, the prime minister should, without doubt, be someone from the HZDS.

ZRS Demands for Coalition Talks Published

AU1110153594 Bratislava SME in Slovak 8 Oct 94 p 2

[Unattributed article: "Genuine Material That the Association of Workers of Slovakia Is Putting Forward at the Current Political Negotiations"]

[FBIS Translated Text]

Demands Submitted by the Association of Workers of Slovakia [ZRS] to (...)

1. That the "Labor Code" and the laws adopted against the workers be amended.

2. That the source of the financial resources used at auctions and for purchases in privatization be legally documented, or rather, substantiated retroactively from 1990.

3. That demands be enforced and subsequently guaranteed; that manual and other workers have a share in the wealth they have been generating for 40 years.

4. That pensioners, invalids, and so on are provided with better social security, free medicine, and so forth.

5. That a law on returning Workers' Homes to the Association of Workers of Slovakia be adopted immediately.

6. That all of the limited companies established on the basis of state enterprises and factories be abolished.

7. That the prices of primary production agricultural commodities be increased justly.

8. That the "National Council of the Slovak Republic [NR SR] Agenda" be amended.

9. That a law on conflict of interests be adopted immediately.

10. That a Construction Ministry be established and that thereafter building activity be revitalized.

11. That you declare publicly your party's attitude toward the workers and the ZRS.

12. The ZRS demands that all deputies who publicly maligned the workers give up their mandates in the NR SR.

(Signed) ZRS Central Council

ZRS Insists on Implementation of '12 Demands'

AU1110203194 Bratislava PRAVDA in Slovak 8 Oct 94 pp 1-2

[Interview with Jan Luptak, chairman of the Association of Workers of Slovakia, by Martin Krno in Bratislava on 7 October: "The Mystery of the 12 Demands"]

[FBIS Translated Text] Shortly after yesterday's meeting between representatives of Common Choice and the Association of Workers of Slovakia [ZRS], which was held at the headquarters of the Party of the Democratic Left [SDL], Czech Television and we asked ZRS Chairman Jan Luptak for an interview. At the beginning, he briefed us on the course of the talks:

"We discussed the various options for the governing coalition, but we did not agree on anything specific. We will meet again next week. We do not intend to enter the government. The other political entities that have already been in office—and brought our society to where it is now—are responsible for it. Why should the workers be pressed into the government to clean up after others? So that in six months' time someone can point the finger at us again? We will support laws that are acceptable for the people of our country. We will not support laws that are oriented against their interests, no matter what kind of government is in power."

[Krno] Following your recent talks, do you have any idea about the coalition government you would support?

[Luptak] Do not ask us this kind of question yet. Everything is at the beginning. The consultations to date are merely a formal sounding out.

[Krno] You claimed before the election that the ZRS would only support a government that undertakes to push for the amendment of several social laws you have described as antiworker. Are you still insisting on this condition?

[Luptak] Yes. We will submit our demands to all of the political entities. When they are formulated into the government's policy statement and firm deadlines are set for them, we will support the government.

[Krno] You have emphasized, at preelection meetings and in the press, that you will not cooperate with politicians who maligned the workers in the National Council. You also mentioned former Minister Olga Keltosova among them. Will you withdraw from these personnel issues?

[Luptak] This is a resolute point in our demands. However, those who publicly maligned a large part of the population, people who worked hard their whole lives and generated wealth, will not change their attitude toward the workers. Therefore, they have no business being in parliament. They simply have no right to be there.

[Krno] Some of them will sit in the new parliament, however, and perhaps even in the government... Can you imagine supporting a political entity represented by these people?

[Luptak] This is why we are making this demand. This is one of the 12 points.

[Krno] Twelve points? Would you acquaint us with them?

[Luptak] No. They must not be made public yet.

[Krno] SDL Chairman Peter Weiss characterized the talks with the ZRS as follows:

"The talks with the Association of Workers did not only concern their involvement or noninvolvement in the government. We are left-wing parties that have points of contact in their programs, and we want to utilize them for normal, matter-of-fact cooperation. Jan Luptak has submitted the 12 demands on which support for the coalition government is conditional. They are of a political nature. Now it is essential to translate them into the specific language of laws, and consultations with legal experts will be necessary for this. These are demands that proceed from reality; it is unnecessary to reject them a priori. We should look for matter-of-fact solutions."

Meciar Talks With For[illegible] Journalists

94CH0429C Prague PRO[illegible]SIS in English 14 Sep 94 p 8

[Article by Randall Lyman: "We Can Look People Straight in the Eye"]

[FBIS Transcribed Text] It was merely the wake from passing tourist ferries rocking the boat on the Danube River last week, but Vladimir Meciar—twice elected and twice ousted as Slovakia's premier—is back in the water for a third time and ready to make waves.

On Sept. 1, the second anniversary of the Slovak Constitution, Meciar kicked off a month-long campaign tour by meeting with a small group of "invited" foreign journalists on a boat restaurant moored beneath Bratislava Castle, where for 90 minutes he answered questions on a variety of the day's burning issues: the elections, privatization, ethnic minorities and others.

Meciar's Movement for a Democratic Slovakia (HZDS), buoyed by polls that still rank it as Slovakia's most popular party six months after being forced into opposition, is pushing hard for a return to power in the early parliamentary elections called for Sept. 30 and Oct. 1.

The press conference organizer, the pro-Meciar Slovak Journalists' Association (ZSN), made it clear this would be the last chance to talk to the twice and undoubtedly future king before the elections.

Meciar's amiable, viewer-friendly image these days (as seen in his new music video) is a quantum leap from the feisty boxer of old. Asked, for example, whether his sudden championing of Slovakia's Romany population represented a change of heart in view of past remarks widely interpreted as racist, Meciar replied, "I think I was their champion then, too."

"Why shouldn't we help a good cause?" he said.

Meciar remains self-assured and optimistic. "I think nobody who is realistic anticipates that we will not win the elections," he said. "The only question I have to ask myself is whether we will need to form a coalition government or govern in our own right."

He said forming a coalition of some kind probably would be necessary. "I think it's true to say that we would have difficulties governing in our own right," he said.

Then he added, "I am not a great fan of coalitions," and he described a coalition with the second-ranked Democratic Left Party as possible but not too practical.

Meciar said HZDS was stronger than it was two years ago, even though current polls show only about 25 percent voter support, down from the 37 percent it won in June 1992.

"We have spent six months in opposition, and that time was a great deal of help to us," he said. "We have a new program, new people. We have cut out all the dead wood," he said, referring to all the former allies who have left HZDS, disillusioned by what they have in various ways described as Meciar's dictatorial policies.

Meciar apparently won't let a mud-slinging campaign soil his new image, however. "We have results and we can look people straight in the eye," he said. "We don't need to launch personal attacks against anyone."

But Meciar hinted at what could happen if the elections result in a new coalition that excludes HZDS: "If the government does not win votes of confidence three times in a row within six months, there will have to be new elections called. And such elections we would win outright, I think with a three-fifths majority." A three-fifths majority is necessary to amend the Slovak Constitution, which is what Meciar intends to do.

Even though it was written and ratified by his Cabinet and his parliamentary majority, Meciar says the constitution is defective.

"The relations between the government and the presidents are not in balance," he explained. "That is why I believe the status quo has to be altered."

The president should be elected by popular vote instead of by Parliament, as at present, Meciar said, and the president should have more power.

Meciar denied that the proposed change was an attempt to facilitate the ouster of current President Michal Kovac after the elections. Kovac, a co-founder of HZDS, is one of Meciar's staunchest opponents. His March 9 denunciation of Meciar precipitated the no-confidence vote that brought the premier down.

Meciar blamed the imbalance of power on the Czechoslovak federal constitution, which was still in force in September 1992. He said the new Slovak Constitution could not have run contrary to the federal one, apparently forgetting that the mere passage of a constitution at all, much less one with a head of state as commander in chief of the armed forces, was a legally dubious measure to begin with—and one that accelerated Czechoslovakia's break-up.

On the economic front, Meciar said that as premier he would postpone coupon privatization indefinitely, despite that this week Slovak citizens began registering their coupon booklets for the second wave.

Slovaks "will be able to keep the coupon books, but the privatization will have to be postponed," Meciar said. "Except for printing the booklets, we will have to start all over again."

The reason, he said, is that privatization has not been prepared well enough: Less than 10 billion Slovak crowns ($312 million US) of state property is on the auction block, and only five firms have undergone the necessary conversion to joint-stock companies.

Meciar is a long-standing opponent of coupon privatization, which he derides as a Czech import. Meciar cancelled coupon privatization in Slovakia after Czechoslovakia split on Jan. 1, 1993. For nearly half his two-year term, Meciar himself headed the Ministry of Privatization, and he also named himself chair of the Slovak National Property Fund. After approving only 108 direct privatization sales during those two years (compared to 676 in the previous government's 14 months), on the eve of a threatened Feb. 16 no-confidence vote, the ministry managed to approve 27, all for Meciar allies, in a single night—the infamous "midnight privatization."

Even though the press conference was his forum, Meciar didn't seem to be having a good time, even after the reporters softened their questions when it became clear they were only going to get an interview and not a fight. He sat calm and reserved, and spoke softly and dispassionately. But he cracked a few smiles, and his unflinching eye contact with reporters even bordered on friendly.

The organizers of the conference, however, managed to insult, annoy and badger journalists, taking up whatever slack the new, media-friendly Meciar had let out. To set the tone for the afternoon, ZSN barred one journalist and tried to bar two others from the conference on the grounds that their publication's past coverage of Slovakia and Meciar had been too critical; "shocking" was how one ZSN staffer put it.

Possibility of Postelection Coalitions Weighed

94CH0429D Prague PROGNOSIS in English 14 Sep 94 p 7

[Article by Matt Welch: "Back Aboard the Meciar Bandwagon"]

[FBIS Transcribed Text] Bratislava—Though he is routinely described as a corrupt liar by the leaders of every other major political party except the extreme nationalists; though roughly 70 percent of Slovak voters will not vote for his party; and though he has been twice ousted as premier after failing to hold a coalition government together, Vladimir Meciar may well begin heading the Slovak government next month for the third time in five years.

The mandate to power that Meciar has enjoyed in the past, when his party championed the populist drive for greater Slovak sovereignty, will likely be denied the former premier. But even barring an out-and-out victory, Meciar's party could still wind up sitting atop the political heap.

Man with a plan?

Vladimir Meciar is often portrayed as an unrefined pugilist, a former boxer with a crude talent for spewing populist nonsense. True or not, this characterization leaves out several crucial points.

Meciar is an extremely sharp, hard-working man. After being kicked out of the Communist Party in the early 1970s, he quickly worked his way up from a coal-stoker to become a talented factory lawyer whose intellect and energy earned him the respect of his colleagues.

"Meciar," explained Katerina Tothova, who served as justice minister in his government, "is a person who thinks very, very quickly. He has a very good memory: He remembers everything said to him in the past, and he remembers every statement he's ever made."

As a politician, Meciar takes these abilities, along with his legendary gift for public oratory, and campaigns tirelessly. Like the Czech Republic's Vaclav Klaus, he constantly tours his own country, charming his electorate and finding out what concerns them. The same politicians who accuse him of being undemocratic will talk to fewer voters in one year than Meciar will in a month.

"Why aren't the other leaders able to address citizens the way Mr. Meciar does, so they can get his voters?" asked Ivan Laluha, the chair of Parliament's Foreign Affairs Committee.

Like several politicians before him, Laluha has decided to leave Meciar's Movement for a Democratic Slovakia (HZDS) because it still refuses to define itself politically, and because of Meciar's top-down management style. This undefined centrist alignment, Laluha says, allows HZDS to win on the strength of Meciar's personal appeal and gives it maximum alliances with parties to both the right and the left.

"This maneuvering within the broad center cannot last forever," Laluha said, "but at the moment it allows HZDS to gain broad support."

Meciar is keenly aware of his own popularity, especially among the elderly and in small towns. "No matter what happens in Slovakia," he said in May 1993, "I will never again have a lower degree of public trust than ... one-third."

Meciar frequently mixes the personal pronoun with HZDS, and for good reason. "HZDS really is a one-man party where a strong man at the top chair of the ex-Communist Party of the Democratic Left (SDL). HZDS is like a cloud hiding in populist slogans. What is their real program? Nobody knows."

Asked whether this impression was wrong, Tothova gave her reading of the party's relationship with its head: "He's an important political representative in our society and therefore it's understandable that everybody puts HZDS and Meciar together." Asked what HZDS, on its own, stands for, she replied: "It stands in the political center." Asked whether that was simply a way to avoid being for anything in particular, she said: "Most of the time when you take the middle road you can head towards a goal without any conflict, and our goal is to create a functioning market economy with a strong social and ecological aspect."

These are the same formulaic words HZDS has used to describe its policies ever since 1992. On the eve of October's elections, HZDS' real program remains no less murky. "Every political party has its own political strategy ... and that strategy is in that party's mind when the party creates a program," Tothova said.

But who really cares?

Since 1990, Meciar has been accused of being an StB agent, of manipulating old secret police files to blackmail other politicians, of bugging the U.S. Embassy, of selling off state-owned factories at bargain prices in return for kick-backs and political support of openly cheating on his wife, and of attempting to consolidate one-party rule. Non-HZDS politicians and Western diplomats here believe these charges to varying degrees, as do many voters. So how does he stay afloat?

This question has been haunting Slovak observers and Meciar opponents for years. Those who attacked Meciar in 1991 only to become marginalized after the 1992 elections contend that Slovaks weren't ready to hear the truth, that voters are too unsophisticated to listen to a detailed argument.

Another explanation might be that Slovaks aren't listening because there's not much to hear. New reporting in Slovakia is often superficial and partisan, Slovaks have little trust in the impartiality of the judicial system, and there are no anti-Meciar politicians with Meciar's wit, energy and dedication to public relations.

And, of course, HZDS is far from being the only political group in Slovakia associated—rightly or wrongly—with corruption and abuse of the privatization process. "Do you think this government is not doing something similar?" Laluha asked.

In Bratislava, where everybody knows everyone and the closets are filled with skeletons, there are no white knights and corruption is often assumed as a given. "Everybody's after money," complained the Democratic

Union's Vladimir Miskovsky during a car ride to the final pre-election session of Parliament Sept. 1. "There's 200 million (crowns) floating in the air."

"Huge amounts of property are being divided, and every party is looking to seek a base for their political mvoement," Laluha shrugged, when asked about Meciar's controversial privatizations. "This process happens in every post-Communist country."

With every party decrying the corrupt privatization practices of every government since 1990, and with every party campaigning on a platform of making the process "transparent," the question for voters boils down to who to believe. And since 1990, more voters have believed Meciar than any other politician.

Divided and conquered

Of course, all of this would be interesting but moot if Slovakia's other political parties decided to band together and freeze Meciar out of the post-election spoils. But they haven't, and there are few signs that they will.

The fate of Slovakia's political future lies, as it has since the split of Czechoslovakia, in the hands of second-ranked SDL. After Jan. 1, 1993, SDL left Meciar's nest and became the swing vote, bouncing between HZDS and the more entrenched opposition parties. When SDL decided Meciar should go, they engineered his ouster. SDL Chair Peter Weiss has denounced Meciar again and again as a crooked demagogue. The anti-Meciar coalition government of SDL, DU, and the Christian Democratic Movement (KDH), with the support of the Hungarians, has re-initiated coupon privatization, slashed subsidies and won the cautious praise of Western economists.

When asked Sept. 1 about the elections, Weiss ignored HZDS and launched into an attack against KDH, then took aim at the Hungarians. "The coalition agreement of the Hungarian coalition ... clearly sets the goal of creating territorial independence, which is unacceptable for our party."

SDL's Ftacnik, who blasted HZDS' recent tenure in the government as a display of "one-man rule, incompetence at the ministries and authoritarian methods," said that his party cannot rule out a HZDS-SDL coalition. "For me it is the last alternative, if all other attempts fail. But I can't prevent it or reject it as a whole."

The election calculus works like this: HZDS and its two small allies, the Slovak National Party and the Workers' Party, will form a government if they can muster a majority in Parliament. If not, SDL will either form a coalition like the one currently in power, or cooperate with HZDS.

The current coalition includes parties who bicker so much that Meciar was able to rule with a minority government for an entire year. For instance, it ruffles SDL's feathers when KDH Chair Jan Carnogursky vows, as he did at a Sept. 3 rally in Zilina, that his party will fight until "the remnants of communism are gone forever." The Hungarians and the mildly nationalist DU also don't exactly get along.

These clashes between parties have created deeply bitter feuds between their leaders. "Don't describe Meciar as the main problem in Slovakia," Ftacnik cautioned. "I am part of the problem, Weiss is part of the problem. ...If there are personal hatreds and quarrels between the big representatives of the parties ... then those representatives shouldn't hold high positions."

This idea is gaining currency on the campaign rumor mill. SDL says it can work with a Meciar-less HZDS—whatever that means—and has no problem with SDL itself, just with Weiss and Ftacnik. Rumors of factions forming inside each party are denied as often as they are floated.

For today, the hot topic is the Hungarians and the other parties' reactions to their coalition agreement. "We are not asking to split from the Slovak Republic," said Bela Bugar, chair of the Hungarian Christian Democratic Movement. "We want cultural and educational self-administration ... in places where we are in the majority."

If there is to be another broad anti-Meciar coalition after the elections, Bugar said, "they'll need our help." So far, says SDL, the asking price is more ghastly than the prospect of working with the man who has twice been thrown from power in a hailstorm of principle and vitriol.

"Unfortunately, politics is not about loving somebody or hating somebody," Bugar said. "Politics is about piling up compromises."

"How do you prevent him from returning to power?" Ftacnik asked. "If you know a better way, you can try."

"The best way," said a half-joking Miskovsky, referring to the western Slovak town where HZDS keeps its campaign headquarters, "is to start the campaign by bombing Tomasikova."

Moravcik Considers Coalition Chances in Election

94CH0429B Prague PRAGUE POST in English 20 Sep 94 pp 1, 3

[Article by Kevin Drew: "Moravcik Is Optimistic Despite His Weak Position"]

[FBIS Transcribed Text] Bratislava—It apparently takes more than dismal poll ratings and a strong, driving opponent to discourage Slovakia's Prime Minister Jozef Moravcik.

In an interview with THE PRAGUE POST Sept. 12, Moravcik acknowledged that his six-month-old coalition is weak and unable to effectively communicate. At the same time, however, he predicted that it will continue to run the country after the upcoming elections.

Although Moravcik's personal popularity has slowly begun to rise, he still lags behind former Prime Minister Vladimir Meciar. More significantly, polls show his newly formed party, the Democratic Union (DU), hovering around the 5 percent threshold that must be surpassed to win any seats in parliament.

"It has been difficult to raise public awareness of the party," the prime minister conceded.

One of the main problems for his party, he explained, is that the DU started the campaign without a voter base of its own. Since its members are mainly defectors from Meciar's Movement for a Democratic Slovakia (HZDS), the DU needs to pull supporters away from other parties.

"We have not been successful at that," he admitted.

He said Slovakia's "developing political culture" has made it difficult for new parties to develop a voter base. The concept of party loyalty based on the personality of party leaders is still strong in Slovakia.

The weak showing of the CU comes despite figures showing that the Slovak economy is improving. Inflation has been held to 13 percent, while the gross domestic product has grown by 4 percent so far in 1994. This summer, Slovakia qualified for more aid from the International Monetary Fund (IMF) by keeping its budget deficit below 4 percent of GDP.

Moravcik said he is proud of the overall economic picture, as well as of the start of the second round of voucher privatization this month.

The prime minister also called the upcoming elections, scheduled for Sept. 30-Oct. 1, a watershed for Slovak citizens, in which voters will choose between authoritarian-style politics driven by personalities and a parliamentary-style democracy.

Moravcik was named prime minister in March after a no-confidence vote against Meciar's government. A coalition of former communists, Christian Democrats and moderate democrats have run the country since then.

Moravcik was foreign minister until he was ousted in February for leading a revolt within Meciar's HZDS. Moravcik said Meciar's confrontational authoritarian style of leadership forced him to act.

Referring to the turbulent political climate under Meciar, Moravcik linked Slovakia's economic rebound with "a general calming of the political atmosphere."

He called the broad base of the ruling coalition a strength. "We managed to get a mix of various opinions in the government and to resolve complex issues," he said.

Currently, the HZDS leads all other parties in the polls. But Moravcik said Meciar's party would not win enough votes to form a government.

Further troubling Moravcik's position is the fact that the coalition will probably not continue to cooperate with the Hungarian parties. Moravcik expressed concern that the price of ethnic Hungarians' support for any future government might include demands for more local autonomy.

"We don't think granting autonomy is the solution," said the prime minister. "It creates artificial barriers between people at the local level."

There are nearly 600,000 Hungarians among Slovakia's population of 5.3 million.

"The important question is whether (the coalition) can gain enough public support without the help of the Hungarian [parliamentary] deputies," said Moravcik.

Moravcik dodged the key question of whether he would accept a future government position other than prime minister. "I've given up trying to figure that out."

Collective Guilt Issue Raised in Election

94CH0429A Prague PRAGUE POST in English 20 Sep 94 p 6

[Article by Timea Spitkova: "Hungarian Parties Revive an Awkward Issue"]

[FBIS Transcribed Text] Bratislava—The highly sensitive issue of Slovakia's ethnic Hungarians being declared collectively guilty of aggression in World War II raised its head in the country's election campaign last week.

Speaking at a news conference, Vojtech Bugar, head of the Hungarian Christian Democratic Movement (MKDH), restated the position of ethnic Hungarian parties that the 1945 decrees of Czechoslovak President Edvard Benes be revoked and the Slovak government apologize for past injustices.

"From a moral standpoint, it is necessary for the Slovak state at least to issue a formal apology to all Hungarians," said Bugar.

The position is part of the platform of the three-party Hungarian coalition running in the Sept. 30-Oct 1 elections. Although the demands are not new, Bugar's comments brought a potentially divisive question to the surface at a heated political moment.

Since 1989, representatives of the 560,000-member Hungarian minority have repeatedly called on the Czechoslovak and later the Slovak government to void the decrees, which stripped Hungarians of their citizenship and property as punishment for the 1938-45 Hungarian occupation of southern Slovakia.

Slovak officials reacted to Bugar's remarks by restating the official government line.

"Our position is unambiguous," said Foreign Minister Eduard Kukan. "The Benes decrees were part of the postwar arrangement in Europe. I believe that their revocation would not be correct, and is simply not possible."

The Hungarian coalition is expected to play a key role in forming a new government after the election, in which no party is likely to win a majority. Hungarian leaders hope that former Prime Minister Vladimir Meciar's Movement for Democratic Slovakia (HZDS), known for its anti-Hungarian rhetoric, will not garner enough votes to form a coalition government.

Hungarians make up 11 percent of Slovakia's population. The three-party Hungarian coalition has polled over 10 percent support nationally, meaning the support of its leaders could be critical in forming the next government.

Slovak politicians who might otherwise consider lending a sympathetic ear to the Hungarians have done their best in recent months to stay clear of the Benes decrees and other ethnically charged issues. The conventional wisdom is that any pro-Hungarian stance is a sure vote loser.

"The pre-election climate is strained, and Slovak politicians who may be willing to compromise on the issue prefer not to express their opinions," said Lajos Meszaros, a parliamentary candidate for the Hungarian Civic Party (MOS).

For Hungarians, the issue of the Benes decrees never goes away. "These laws are anti-democratic and continue to impact negatively on the lives of Hungarians in Slovakia," said Meszaros.

Hungarian political parties demand restitution and compensation for property confiscated between 1945 and 1948. Many Hungarians lost their homes and property when the state confiscated their belongings.

Under present legislation, the cutoff date for restitution is set at Feb. 25, 1948—the day the communists took over—whereas ethnic Hungarians had been deprived of all their rights and property before that date.

According to Bugar, it is vital for the Slovak government to find a way in which Hungarians can reclaim or be compensated for property that was confiscated.

Although some ethnic Hungarians were able to get back confiscated land, most families who lost property such as apartments and houses have not been permitted to apply for compensation.

"A fair standard has to be set up where restitution and compensation is accessible either to everyone whose property was confiscated or to no one," said Bugar.

U.S., Other Foreign Views of Election Criticized

AU1110121194 Bratislava SLOVENSKA REPUBLIKA in Slovak 7 Oct 94 p 1

[Commentary by Stefan Mistrik in the "Public Affairs" column]

[FBIS Translated Text] The Slovak citizen has come under distinct pressure from the reports on how foreign countries are reacting to the election results. In accordance with the principle, the worse it is about Meciar, the better it is for certain—allegedly—objective and democratically posturing Slovak newspapers. The citizen has had an opportunity to find out that he did not, in fact, pass muster in the election. How come he did not cast his ballot for the communists when they are led by the "talented P. Weiss"? This is what the U.S. newspapers are asking. The Slovak public is asking itself more and more insistently what forces in the United States are singing the praises of the Slovak postcommunists? During the past six months, the airline companies have been making quite a decent profit from them; invitations to them from the United States have just been "raining down." So, the Slovak voter has taught a lesson not only to the postcommunists at home, but also to certain, definitely quite prominent, influential circles abroad. They have had another opportunity to confirm how inadequately they know the Slovak soul. Perhaps they are reproaching themselves for not having had high enough regard for the almost historic truth that V. Moric formulated in the former Federal Assembly when he said: "Gentlemen, bear in mind that Slovakia is the only country that communism has penetrated from the West...!"

U.S. experts were mistaken in their assumption that the Slovak election would turn out the same way as in Poland and Hungary.

The Swedes have Swedish steel. Everyone is proud of it. The Japanese have their precision and business rapaciousness. Every one of them, likewise, is proud of this reputation. Neither of them has sought permission from other nations to be proud. Slovaks should also harbor the ambition to work their way toward their own pride. The election results have shown that, despite the wishes of certain circles abroad, a large number of Slovak citizens have a different opinion about who should govern them. They do not want communists, even though this is what they want in the United States. They want Meciar and the Movement for a Democratic Slovakia, even though many in this country do not want this. Slovaks are self-reliant. Yes, many do not want this. Not only abroad, but also at home.

Daily Lists National Council Members

AU0710174294 Bratislava NARODNA OBRODA in Slovak 6 Oct 94 p 2

[Unattributed report: "The Official Results of the Election to the National Council of the Slovak Republic"]

[FBIS Translated Text] Bratislava—Some 2,923,265 votes were cast in the parliamentary election held on 30 September and 1 October 1994. After they were scrutinized, it emerged that 2,875,458 valid ballot papers had determined the election results. Some 75.65 percent of all eligible voters in the Slovak Republic took part in the election.

The Movement for a Democratic Slovakia [HZDS] and the Farmers' Party of Slovakia [RSS] won 34.96 percent of the valid votes cast in the election. The Common Choice [the Democratic Left Party—SDL, the Social Democratic Party in Slovakia—SDSS, the Green Party of Slovakia—SZS, and the Farmers' Movement—HP] won 10.41 percent; the Hungarian Coalition [Egyutteles, the Hungarian Christian Democratic Movement—MKDH, and the Hungarian Civic Party—MOS] won 10.18 percent; the Christian Democratic Movement [KDH] won 10.08 percent; the Democratic Union of Slovakia [DU] [in coalition with the National Democratic Party—NDS] won 8.57 percent; the Association of Workers of Slovakia [ZRS] won 7.34 percent; and the Slovak National Party [SNS] won 5.4 percent.

The HZDS and the RSS received 61 mandates; Common Choice—18; Hungarian Coalition—17; KDH—17; DU—15; ZRS—13, and SNS—9.

HZDS and RSS

Bratislava—Katarina Tothova; Irena Belohorska; Augustin Marian Huska; and, in the second scrutiny, Marta Aibekova (all HZDS).

West Slovakia—Ivan Gasparovic; Olga Keltosova; Peter Baco; Milan Secansky; Ladislav Lysak (all HZDS); Miroslav Maxon (RSS); Jan Cuper; Jan Tuzinsky; Roman Hofbauer; Jozef Rea; Tibor Cabaj; Peter Brnak; Ida Rapaicova; Frantisek Gaulieder; Arpad Matejka; Vlastimil Vicen; Alena Kolesarova (all HZDS); and Zora Lazarova (Party of the Green Alternative).

Central Slovakia—Vladimir Meciar; Karol Konarik; Dusan Slobodnik; Alica Bielikova; Eva Zelenayova (all HZDS); Pavel Delinga (RSS); Jan Ducky; Viliam Hornacek; Ladislav Polka; Jan Smolec; Ludmila Muskova; Iveta Novakova; Arpad Tarnoczy; Lubomir Novotny; Jan Fekete; Tomas Cingel; Jozef Tarcak; Maria Bartosikova; Dusan Macuska; Stanislav Liska; Karol Zahatlan; Vladimir Mikulka; Stanislav Husar; and Jaroslav Fidrik (all HZDS).

East Slovakia—Sergej Kozlik; Imrich Andrejcak; Ivan Lexa; Janka Gantnerova-Soltysova; Jozef Zlocha (all HZDS); Miroslav Novak (RSS); Vojtech Tkac; Igor Urban; Jan Copik; Jan Danko; Frantisek Horal; Michal Baranik; Lubomir Javorsky; and Jan Michelko (all HZDS).

Common Choice

Bratislava—Milan Ftacnik; Jozef Kosnar (both SDL).

West Slovakia—Lubomir Fogas; Brigita Schmognerova (both SDL); Jaroslav Volf (SDSS); Anton Juris (SZS); Maria Durisinova; and Michal Bencik (both SDL).

Central Slovakia—Pavol Kanis; Pavel Koncos; and Jozef Pribilinec (all SDL).

East Slovakia –Peter Weiss; Robert Fico; Viliam Sopko (all SDL); Jozef Pokorny (SZS); Jozef Klein (HP); and Marcela Gburova (SDSS).

Hungarian Coalition

Bratislava—no one.

West Slovakia—Bela Bugar; Pal Csaky (both MKDH); Miklos Duray; Arpad Duka-Zolyomi; Edita Bauerova (all Egyutteles); Laszlo A. Nagy (MOS); Pal Farkas (MKDH); Erno Rozsa (Egyutteles); Gyula Bardos; Laszlo Asvanyi (both MKDH); Jozsef Kvarda (Egyutteles); and Laszlo Szigeti (MKDH).

Central Slovakia—Zoltan Boros; Zsolt Komlosy (both Egyutteles).

East Slovakia—Istvan Pasztor; Laszlo Koteles (both Egyutteles); and Barnabas Ferko (MKDH).

Christian Democratic Movement

Bratislava—Ivan Simko.

West Slovakia—Jan Carnogursky; Julius Brocka; Pavol Hrusovsky; and Gabriel Palacka.

Central Slovakia—Lubomir Roman; Ladislav Pittner; Miroslav Mikolasik; and Jozef Miklusicak.

East Slovakia—Mikulas Dzurinda; Frantisek Miklosko; Jan Figel; Peter Lauko; Milan Gala; Maria Sabolova; Frantisek Javorsky; and Jan Langos (Permanent Conference of the Civic Institute).

Democratic Union of Slovakia

Bratislava—Milan Knazko; Vladimir Bajan (both DU).

West Slovakia—Rudolf Filkus; Eduard Kukan; and Juraj Svec (all DU).

Central Slovakia—Jozef Moravcik; Lubomir Harach (both DU); Ludovit Cernak (NDS); Tibor Sagat; and Eva Rusnakova (both DU).

East Slovakia—Roman Kovac (DU); Anton Hrnko (NDS); Ivan Rosival; Viliam Vaskovic; and Roman Vavrik (all DU).

Association of Workers of Slovakia

Bratislava—no one.

West Slovakia—Miroslav Kocnar; Marian Polak; Terezia Chlebova; and Jan Garai.

Central Slovakia—Jan Luptak; Anton Naroda; Jan Borovsky; and Anton Poliak.

East Slovakia—Klement Kolnik; Miroslav Barna; Hubert Kraus; Jozef Glinsky; and Miroslav Pacola.

Slovak National Party

Bratislava—Jozef Prokes; Eva Slavkovska.

West Slovakia—Marian Andel; Kamil Hatapka; and Melania Kollarikova.

Central Slovakia—Jan Slota; Vitazoslav Moric; and Rastislav Septak.

East Slovakia—Bartolomej Kunc.

HZDS-Kovac Conflict, Russian Scenario Compared

AU1210103794 Bratislava SME in Slovak 7 Oct 94 p 3

[Article by "(si)": "They Had To Use Tanks in Russia Last Year To Resolve a Similar Conflict Between the President and Parliament"]

[FBIS Translated Text] Bratislava—The Christian Democratic Movement [KDH] has issued a statement in which it describes as an attack on democracy the demand made by the Movement for a Democratic Slovakia [HZDS] to President Kovac to submit his resignation. The demand was made by I. Lexa at a meeting of the parliamentary parties on 4 October. Jan Carnogursky read the KDH's statement. In it, it explains that "if the president were to comply with the demand, there would be no one to summon the newly elected parliament to its first session, and there would be no one to appoint the new government because the Constitution entrusts the president with both of these tasks. In modern European history, the only conflict to erupt between a president and parliament was the one in Russia last year, which they had to resolve by using tanks. Public life in Slovakia was calm for six months. Three days after the election, which the HZDS won, the first public scandal occurred at a meeting involving the president and the representatives of the political parties. The KDH will do all it can to ensure that public life calms down." Carnogursky repeated the KDH's willingness to hold talks on a coalition, but only with a party that will not attack the president or prepare legal steps against him. According to the KDH chairman, the prospects for forming a new government are very slim at the moment. He also said that Slovak Television [STV] violated the election law on the first day of the election by broadcasting the HZDS's statement on an election incident involving V. Meciar and that STV is continuing with its unobjective, biased reporting, which tarnishes its mission in accordance with the law on Slovak Television.

Meciar Views Corruption in Privatization

AU1110153294 Bratislava SLOVENSKA REPUBLIKA in Slovak 6 Oct 94 p 4

[Interview with HZDS Chairman Vladimir Meciar by SLOVENSKA REPUBLIKA reporters during Meciar's visit to the newspaper's editorial office in Bratislava on 4 October: "Now Is the Time for Gold Diggers; With Vladimir Meciar on Privatization"]

[FBIS Translated Text] The election that was just held was not only a referendum on whether the citizens want a common state with the Czechs or an independent republic. People voted for the Movement for a Democratic Slovakia [HZDS] in the hope that this movement will guarantee control over wild privatization and the enormous corruption associated with it. Slovak citizens are afraid of the unlawful mass appropriation continuing—not only from the outside, but also from the inside, by all kinds of financial mafias. We asked Vladimir Meciar during his visit to the SLOVENSKA REPUBLIKA editorial office what guarantees he is giving his voters that an end will be put to such practices.

[Meciar] Uncontrolled privatization is closely associated with corruption. I know that people expect from us radical steps to prevent the further unlawful appropriation of national property. We would definitely live up to those expectations if we had 76 deputies in parliament after the election—that is, an absolute majority. Unfortunately, there are only 61 of us. I have no doubts about anyone who ran for us. Even though we are reckoning on the support of the Slovak National Party, we constitute a minority in the Slovak parliament. If we are not to be in the government, we will have to wage a parliamentary struggle for the purity of privatization and the transformation of society. I believe that it was precisely privatization that was behind the changes that occurred in March of this year [when parliament passed a vote of no-confidence in the Meciar-led government]. Projects have been worked out, behind which are foreign links. The alliance of the Democratic Union [DU] with the Christian Democratic Movement [KDH] is not a political one. It is a privatization alliance! Our position in protecting Slovakia's interests is very difficult. Therefore, one of the issues we are now pondering is how to be in one government together with those who have all kinds of property commitments. What if the partner with whom you are in a coalition blackmails you? After all, he must fulfill his promises whether or not he wants to because he was given an uncovered check for it. The privatization dispute that broke out immediately before the election was the result of a clash between the conflicting interests of the KDH, the Party of the Democratic Left [SDL], and DU. The SDL and DU acted in unison against the KDH. Let me cite the example of three privatization projects: Slovenska Poistovna [Slovak Insurance Company]—dirty property transfers worth 2, 3, or perhaps even 4 billion korunas. The gist of the problem is that an insurance company with deposits of some 20 billion korunas is to be privatized for this money. It is like paying 250 korunas for 2,500 korunas. This is not a lucrative deal; it is privatization fraud! This is small savers' money amounting to billions, with which the privatizer then manipulates. A game is being played with those billions.... Or let us consider the Piestany spa. Here the interests of all the political entities clash. They are negotiating either directly or through front men. A new disease is beginning to spread in the privatization process: agreements on tacit partnership. These are contracts concluded today, but that will be converted into shares [budu sa akcionovat] only after some time. It may be necessary to draft a law that would prevent the speculative conclusion of contracts on tacit partnership. The notary public who executes buying and sale contracts often does not know the first page of the agreement where the partners are listed. These deals resemble buying a pig in a poke. It thus happens that, after his departure from public life and politics, a former politician, one who used to boast and swear how poor and honest he was, suddenly emerges as the new owner of a firm.

[SLOVENSKA REPUBLIKA] You are right. Let us only take a look at how many members of previous governments are successful entrepreneurs today....

[Meciar] Indeed. People rightly ask where the gentlemen former ministers and former constitutional officials got the money for the hotels and firms they own today. It is very difficult to carry out privatization in such a way that the people who decide about it do not dirty their fingers.... The wives of some gentlemen from the former coalition already feel like the owners of the Piestany spa and dictate to the spa's director what to do. Let me cite a third example: the Kosice Iron Works. In the background of this privatization are some SDL deputies and representatives. They speculate that they will give workers 8.5 percent of the shares to keep them quiet. At a rally in the Kosice Park of Culture and Repose, I said that the ironworks' employees must be given the full 24 percent of shares still in state ownership. However, they are looking for ways of getting around this. And we are asking ourselves who is behind this. We know that specific parties are behind it. A number of present coalition politicians subscribe to a philosophy with which I will never agree: Now is the time for the gold diggers.... This is the Klondike.... Now it is necessary to make a pile. There will be time for morality two or three generations from now. And what has happened? People do not seem to mind.

All those who confirmed those gold diggers' seats in the election accepted the corruption that governs here. The situation is therefore rather complicated. They will stand up against us in parliament because they will be protecting their interests and will be trying to save their own skins....

[SLOVENSKA REPUBLIKA] Employees of the State Forests enterprise, which the provisional government managed to abolish with effect from 1 October 1994, have telephoned us. They regard the government's decision as a political act, as the formation of a monopoly. The same organizational structure is taking shape in the forests that existed before 1989.

[Meciar] I know about this. The complete documentation is on my desk. I am confident that the new minister will reassess this decision or that parliament will take a stand on it. No new government is operating as yet, while the old government is still in office, and parliament is not yet functioning. It will take two months before the new parliament starts work. Therefore, for the time being, one can only speak out against those unconscionable practices through criticism in the media.

Government Calls for Iraqi Compliance With UN

LD1110194094 Budapest Kossuth Radio Network in Hungarian 1700 GMT 11 Oct 94

[FBIS Translated Text] According to the Hungarian Government, obtaining the lifting of the sanctions by military force is the worst path Iraq can chose. Foreign Affairs spokesman Gabor Szentivanyi pointed out at a briefing that, according to the Hungarian stance, the sanctions can only be lifted if Baghdad fully complies with the UN Security Council resolutions.

MDF Calls For Cooperation of Opposition

AU0710161694 Budapest UJ MAGYARORSZAG in Hungarian 7 Oct 94 pp 1,4

[Correspondent's report: "MDF: Political Balance!"]

[FBIS Translated Text] The cleansing process has not stopped because, almost everyday, new events prove that the present social-liberal government does not know the limit in replacing the leading cadres. After firing a large number of people from the public television, now it is the turn of state institutions and enterprises—Karoly Herenyi, spokesman of the Hungarian Democratic Forum [MDF], said at a news conference held on 6 October.

He also told journalists about the meeting of the MDF's interim leading body on 6 October, at which they discussed the pace of preparations for the local government elections and set the final concluding day of the 8th MDF Congress to be held on 29 October. The event will take place in the hall of the Economic Science University in Budapest. The new national committee will be elected at this meeting. The spokesman declared that the new national committee will have 16 members, with eight members proposed by the various regions and the other eight elected directly.

MDF Chairman Lajos Fur told us that, preparing for the local government elections, the party created a separate group in charge of coordinating the campaign activity. As is known, Miklos Csapody was recently nominated for the position of head of the group in charge of directing the MDF campaign tasks, but the activity of Gyorgy Gemesi also represents a great help on the national level.

In addition to the campaign tasks, great attention is attributed to solving the county-level tasks, and county campaign control groups were set up for this purpose, groups that have already begun their activity—Lajos Fur told us. He added that the MDF has a modest financial background because of the burdens of heavy debts. However, there will be enough funds for a modest campaign.

Lajos Fur spoke in detail about the need for the parliamentary opposition parties to cooperate, and he announced that the MDF is already making use of every opportunity to form a common position of the opposition parties. The best thing would be to be able to have joint mayor candidates in every local government, but it is also not unimaginable that they will send candidates on common lists.

Fur regarded the relations between the Christian Democrats and the MDF as quite adequate, but it is also worth noticing that the Young Democrats and the Smallholders are also participating actively in these preliminary coordinating talks. If we succeed in creating this vital cooperation before the local government elections, this would be the first step toward restoring the political balance in Hungary, Lajos Fur said.

The MDF continues to consider the possibility of sending yet another letter to Hungarian President Arpad Goncz. They would like to ask him to postpone the local government elections until a later date, sometime in January. This request is not only justified by the fact that 11 December is the second Sunday before Christmas, but we must also accept the fact that society should not be burdened with elections during Advent.

Lajos Fur pointed out that bilateral talks had already been held before between representatives of the Federation of Young Democrats [Fidesz], the Christian Democratic People's Party [KDNP], and the campaign head of the Smallholders Party; at present, coordination talks are being held on the issue of the candidate for the position of Budapest mayor. They hope a final decision will be reached next week on the opposition parties' common candidate for this position.

In view of the preparations for the general meeting, regional coordinating meetings will be held on 15 and 16 October, which will finalize the list of candidates for the national committee—Lajos Fur told us and mentioned that the MDF image-forming committee is in charge of carrying out Gyorgy Banffy's proposal to hold discussions with every parliamentary deputy who received mandates for the MDF from the national list.

Ukraine's Ethnic Hungarians Ask Budapest for Aid

94CH0435A Budapest KAPU in Hungarian No 8, Aug 94 p 40

[Undated letter from Gyorgy Dupka, of the Transcarpathian Union of Hungarian Intellectuals, to an unspecified Hungarian government minister, under the "Letters to Hungary" rubric]

[FBIS Translated Text]

Dear Mr. Minister:

On behalf of the Subcarpathian [Transcarpathian] Union of Hungarian Intellectuals' executive committee, I wish to thank you for your show of confidence, manifested in your sending us for our comments a copy of the Government Program's draft. We rate as favorable the contents of the draft's Introduction, as well as of its Minority Policy, and Foreign and Security Policy chapters. We attach special importance to the draft's promise of maintaining extensive relations "with all legitimate and democratic organizations and parties" of ethnic Hungarians beyond Hungary's borders. We find this gratifying because the previous government had recognized as legitimate only one ethnic Hungarian organization for each region. Your approach to this problem fills us with hope, and it will also promote the establishment of mutual relations among the ethnic Hungarian organizations that have become divided in the meantime.

We realize that a draft program cannot dwell on all aspects of the given problem. In full awareness of this, we would like to call to your attention several important questions stemming from our situation.

1. We recommend that the various functions organized by ethnic Hungarian organizations beyond Hungary's borders be subsidized directly, on the basis of competition.

2. If the government is able to support the operations of several ethnic Hungarian organizations beyond Hungary's borders, all legitimate social and professional organizations ought to share in such aid, commensurately with their importance. Under no circumstances would we regard as propitious if once again only one organization [per region] were the beneficiary.

3. Because the publishing of Hungarian books and periodicals in Ukraine, amidst its present economic conditions, depends to a large extent on financial support from the mother country, the continuation of the subsidies that have been provided up to now for the publishing of books and periodicals is of vital importance to us. Direct subsidies for the publications, awarded on the basis of competition, would be the most effective way of providing financial support.

4. Since local ethnic Hungarians have been deprived for years of the current issues of newspapers and periodicals published in Hungary, we recommend that, in regions inhabited by ethnic Hungarians, the Hungarian government subsidize the distribution of such newspapers and periodicals, to an extent that will make them affordable to local readers. It would also be important to support the publishing of textbooks. That would apply to bookstores, to the renting of films and video cassettes, etc.

5. We would welcome action by the Hungarian government to settle with the Ukrainian government the question of dual citizenship.

6. It would be useful if conditions were established for the mutual exchange of currencies in neighboring cross-border counties, and if the mutual recognition of motor-vehicle insurance policies were made possible. Of course, we envisage such measures only within narrow limits. Insurance coverage, for instance, would be available also for periods shorter than one month (say, three days or a week).

7. There is a catastrophic shortage of pharmaceuticals in Ukraine, and certain specific therapies are not available. Therefore we recommend that medical care in Hungary—free of charge when warranted—be made possible for ethnic Hungarians living beyond Hungary's borders.

8. In our opinion, an intergovernmental agreement is necessary on the duty-free customs clearance of donations sent to civil organizations of ethnic Hungarians beyond Hungary's borders. It would likewise be important to expand local cross-border traffic and trade. Mutual government guarantees would be needed to protect the interests of either country's citizens working officially on the other country's territory.

9. Financial assistance would be desirable for those Hungarian teachers and experts willing to accept invitations to work for various ethnic Hungarian institutions beyond Hungary's borders.

The Subcarpathian Union of Hungarian Intellectuals is ready to cooperate extensively on the practical realization of all the above recommendations.

Respectfully yours,
Gyorgy Dupka
Subcarpathian Union of Hungarian Intellectuals

Charge: Government Abuses Compensation Process

94CH0437A Budapest MAGYARORSZAG in Hungarian 16 Sep 94 pp 4-5

[Interview with Tamas Sepsey, member of Parliament (Hungarian Democratic Forum) and former chairman of the National Compensation Office, by O.-Dobo; place and date not given: "A Second Nationalization?"]

[FBIS Translated Text] *The events of recent weeks reveal the true aspect of the government's compensation policy. In the course of an enterprise's privatization, the AVU [State Property Agency] board of directors downgraded compensation notes and E loans [from the Fund to Aid the Starting of Small Businesses] to half their value. The 15 August auction for organizations obliged to accept compensation notes in payment has been canceled. The AVU was planning to establish a holding company, to be called VALTO, with 1.5 billion forints of authorized capital. Its shares were to be available as of September, for compensation notes; but the founding of the company has been postponed indefinitely. And the market price of compensation notes has reached an all-time low.*

[MAGYARORSZAG] Sir, as former chairman of the National Compensation Office, how do you view the events that have taken place since your resignation?

[Sepsey] Several hundred thousand or million Hungarian citizens, as well as agricultural cooperatives and local governments, have incurred enormous losses as a result of the Horn government's compensation policy. That government is unwilling to exchange compensation notes for equity. It regards the compensation note as a medium of payment worth less than the forint. At the same time, it lets compensation notes be bought and sold far below their worth. By reducing the value of compensation notes in this manner, the Socialist-Free Democrat government is actually nationalizing the citizens' property once again. The government is not saying it is rescinding the laws and confiscating the citizens' compensation notes; it is simply not giving anything in exchange for the notes. This is a cunning solution. This way the compensation note—as a security embodying a government obligation, payable to the bearer on demand and at face value—becomes worthless.

"We will continue to compensate rightful claimants," it was promised during the election campaign. Regrettably, that has remained an empty promise. You probably are familiar with a statement made at the time of the Grosz government, that "the government's word is not a gentleman's word of honor." Well, the present government is living up to that statement.

Scope for Speculators

[MAGYARORSZAG] From government sources we have been hearing repeatedly the argument that the equity for which compensation notes could have been exchanged has been exhausted.

[Sepsey] That is not true. The most recent statement to that effect was made by Privatization Commissioner Ferenc Bartha. For this year, still under the Boross government, the AVU and the AV Rt. [State Property Management Corporation] prepared a plan to offer equity in exchange for compensation notes. They put together substantial portfolios for that purpose. A part of the plan was fulfilled, but nothing has been done since the elections with the remaining equity. To our knowledge, 60 billion forints' worth of equity could be offered in exchange for compensation notes, within a very short time. This way it would be possible to reassure rightful claimants and investors as well. But the exact opposite is happening: confidence in compensation notes as securities is being undermined. Which means that we are witnessing, and are also being victimized by, the government's political hooliganism.

[MAGYARORSZAG] In your interview on television, you spoke of unlawful acts. What exactly did you mean by that?

[Sepsey] Pursuant to Law No. XXV of 1991, compensation notes must be accepted at their face value, plus interest, when selling state assets. At the same time, the AVU board of directors adopted a resolution to take compensation notes into consideration at only half their face value in the course of judging tender offers for state assets. In other words, compensation notes are rated merely 50 points, in contrast with 100 points for cash. That practice is circumvention of the law. After all, the compensation note's value is fixed by law, hence circumvention of that provision is a violation. If things continue in this manner, we will soon reach the point where payment in forints will be rated only 50 points, as opposed to 100 points for payment in German marks or dollars. I am not convinced that this will lead to strengthening the stratum of small proprietors in Hungary.

[MAGYARORSZAG] Then you fear that the Compensation Law will lose its original intent; and that providing equity for the compensated original rightful claimants, and strengthening the stratum of small proprietors, will cease to be its primary objective?

[Sepsey] In the course of privatization, the compensation note wanted to give the common man opportunity to acquire and own state assets. Our objective was to promote the formation of a stratum of proprietors, from among Hungarian citizens short of ready cash. From among those who were unable to accumulate cash, because specifically they had been the ones who had been deprived of their property or personal freedom. And lined up against them are those who are able to bid hundreds of millions of forints for state assets. Knowing the economic conditions that existed in Hungary, we may safely say that, prior to 1990, nobody had been able to become a millionaire solely from his wages or salary. Such huge wealth stemmed from dishonest sources in most cases. By halting the exchange of compensation notes for shares, the government is providing scope for speculators. At the same time, the government is also making it clear that it has not the slightest intention of creating a stratum of middle-sized proprietors. The compensation notes' devaluation has been a blunder also because some of the cooperatives are just now beginning to reach the point where they are able to come forward as investors. By my estimate, the cooperatives are losing 15 billion forints' worth of compensation notes. Local governments could likewise be investors; after all, they have acquired a substantial amount of compensation notes from the privatization of state-owned housing units. But how will local government be able to render an account of their assets, when the lack of investment opportunities will force them to sell for 450 forints the compensation notes that are worth 1,638 forints each? That is a loss of 1,200 forints on a compensation note with a face value of 1,000 forints. The value of a local government's assets will decline by tens or hundreds of millions. If the [central] government wishes to pursue a business- and investor-friendly policy, it must not adopt such clumsy and hasty decisions, out of spite or from a position of power.

[MAGYARORSZAG] You spoke just now of speculators as people who reap a substantial profit from the compensation notes' low market value. According to a different view, speculators play an important role also in stabilizing the price of compensation notes on the stock exchange.

[Sepsey] The price of compensation notes on the stock exchange hinges on public tenders for state assets that are being privatized. Therefore it reflects incredible ignorance of economics, and is a flagrant attempt to mislead the public, when responsible persons claim that the original rightful claimants' priority in the public exchange of compensation notes for shares has to be abolished in order to raise the compensation notes' price on the stock exchange. The only explanation for abolishing the original rightful claimants' priority is that a few persons wish to reap extra profits.

In terms of purchasing power, the volume of outstanding compensation notes in circulation has varied between 110 billion and 130 billion forints during the past period. Each public offering of shares involved a volume ranging from 200 million to 400 million forints in value. Obviously, these orders of magnitude do not trigger feverish buying on the stock exchange, and therefore the price of compensation notes does not rise. The [National Compensation] Office issues compensation notes at a steady rate, but the state withdraws the notes from circulation at a much slower rate. Therefore, an overhang of compensation notes always accumulates, and the stock exchange is able to cope with that overhang. But a public offering has never yet generated additional demand for compensation notes on the stock exchange, and never will. After all, there is a huge volume of compensation notes in circulation. The price of compensation notes on the stock exchange is maintained by privatization tenders. In those cases where the AVU accepted compensation notes at their full value, and the winning tender offer was close to a billion forints, sales of compensation notes on the stock exchange always rose. In the past period, shares traded on the stock exchange were used not in the public exchanges of compensation notes for shares, but in the privatization tenders. Therefore the argument you cited could be misleading to a person not familiar with economics or with how the stock exchange operates.

Deliberate Devaluation?

[MAGYARORSZAG] In your opinion, what is the explanation of the government's economic policy?

[Sepsey] The government's policy regarding compensation notes is negative because the government wants to raise revenue at all cost. And not without reason: during the elections the government made irresponsible promises that will be extremely costly to fulfill. That is why the government is selling state assets for cash. Furthermore, the government will eventually enable managements to buy out their enterprises, perhaps for peanuts. This way a few hundred or thousand individuals will become the direct beneficiaries of the transformation.

[MAGYARORSZAG] According to you, then, the government, and the supervising agencies that you accuse of failing to observe legality, respectively have an interest in this process?

[Sepsey] It is certain that economics and politics are intertwined. There can be two main reasons for the unprincipled economic policy we have been witnessing during the past two months. Either they [the officials in question] are so inexperienced of economic policy that they were unable to assess the possible consequences of their decisions. Or we are confronted with a political intention to willfully destroy the compensation process. They are taking risks to that end: the assets of millions of Hungarian citizens, as well as of agricultural cooperatives and local governments, are being looted through the deliberate devaluation of compensation notes. But eventually the state will have to fulfill its statutory obligation to offer equity for the compensation notes. Because the Constitutional Court will not tolerate any subsequent alteration of the Compensation Law. But by then a few groups of capitalists and a few large investors will be holding 50 or 60 billion forints' worth of compensation notes, for which this privileged circle will acquire a substantial volume of assets.

[MAGYARORSZAG] In your opinion, the Constitutional Court would not tolerate any subsequent alteration of the Compensation Law. But one of the principles of the new privatization bill states that "economic and legal rationality must now outweigh considerations of social ethics." The plan to offer foreign investors blocks of shares representing minority interests in the best Hungarian enterprises, while forming a compensation fund from blocks of shares representing minority interests in middling or weak enterprises, seems to be in line with this "rationality."

[Sepsey] The state may modify its statutory obligation only in an emergency. But momentarily there is nothing that would warrant curtailing the rights of persons entitled to compensation. From the state's total assets worth between 1.6 trillion and 2.0 trillion forints, it is feasible to split off between 110 billion and 150 billion forints' worth of suitable assets, to be sold for compensation notes. But the government is pursuing salami tactics. It is slicing off parts from society's unified mass, and the persons entitled to compensation are the ones it wishes to act against first, unlawfully. Then the stratum of Hungarian entrepreneurs will come next—the downgrading of E loans has already prevented hundreds of thousands of would-be-entrepreneurs from starting businesses. And finally, the government can be expected to give preference to bidders offering to pay in Western currencies, over bidders with only forints.

The AV Rt. Is Suspect

[MAGYARORSZAG] This process might affect a wide social stratum and could become a destabilizing factor. Has the government failed to assess the possible consequences of this?

[Sepsey] This government is no longer anything like the nice face it presented during the elections. It intends to resolve the foreseeable social tensions according to the old Roman principle of *divide et impera*. It sets individuals without compensation notes against recipients, contending that equity cannot be offered in exchange for compensation notes, so that the state may be able to provide more for those who did not receive compensation. This is the old practice of sowing seeds of discord among the population, in order to divert attention from the real problems.

[MAGYARORSZAG] There probably were irregularities and wrongdoings also when you were in office. What were they, and what did you do to eliminate them?

[Sepsey] When compensation notes were being exchanged for OTP [National Savings Bank] shares in the spring of 1993, the AV Rt. exchanged another 200 million forints' worth of shares with large investors privately, over and above the 200 million forints' worth it had originally offered to exchange publicly. Mr. Lajos Csepi, managing director of the AV Rt. [as published (Csepi had been managing director of the AVU and became general manager of the AV Rt.)], denied this fact in a statement issued earlier. Much to my surprise, because he had admitted it in his letter to me, dated 20 May 1994: "The AV Rt. regarded the keen interest [in OTP shares] in April as a success of exchanging compensation notes for shares. Therefore it considered as warranted to accept purchase offers over and above the 100 million forints originally announced and subsequently doubled. Although there actually was no public announcement above the total you mentioned, the AV Rt.'s action should be regarded as acceptance of the oversubscription for shares, even if in this case we are talking about exchanging compensation notes for shares, rather than about subscription."

To establish the circumstances of the unlawful act, I wrote several letters to Mr. Csepi. My last letter, dated 27 May 1994, read: "I thank you very much for your information regarding the distribution of OTP preferred shares in April 1994. After corresponding over a period of nearly one year, it finally turns out that the holding company has indeed exchanged shares for compensation notes with investors privately, thereby enabling them to make a substantial profit. I find it reassuring to learn how little has been done to investigate the facts of this case on the basis of my earlier letters. It is reassuring because it clearly indicates that there has been wrongdoing, to the detriment of rightful claimants and taxpayers, respectively. I request that you as general manager transfer this matter to the supervisory committee, for further investigation. The investigation should be completed as soon as possible, and I want to be informed of its outcome. I also request a copy of the board's resolution authorizing the exchange of more OTP shares than what had been announced publicly." In spite of my request, no investigation was ordered because, in Mr. Csepi's opinion, the AV Rt. had acted properly. For the same reason, the matter was not subimitted to the supervisory board, either. And I have not received a copy of the board's resolution that I had requested.

I also objected to the AV Rt.'s practice of failing to invite me to meetings of its board of directors, at which matters pertaining to compensation were discussed. They had been obliged to invite me. I am perplexed by Mr. Lajos Csepi's contention that they had fulfilled this obligation. Out of about 12 board meetings, I had not been invited to 10. Which justifiably raises doubts about Mr. Lajos Csepi's veracity. When the AV Rt. board was considering the selection of state forests for privatization, I was shocked by how ignorant some of the board members were about the conditions of ownership. I, too, received a copy of the report just before the board meeting and had no opportunity to study it. As I said also at the meeting, I think it is irresponsible and outrageous that decisions relating to compensation can be adopted in this manner.

The abuses experienced in the course of exchanging compensation notes for shares likewise provide food for thought. The law has been violated repeatedly with purchased compensation notes, and every opportunity existed to screen out those cases. The National Compensation Office urged audits, but the state Property Agency—Lajos Csepi was its managing director at the time—did not want audits.

The State Securities Commission uncovered abuses in connection with the subscriptions to exchange compensation notes for EGIS [Pharmaceutical Factory] shares. At the same time, it was suspected that the AV Rt. had sent the distribution points lists, on the basis of which AV Rt. employees and their relatives were able to exchange their compensation notes for the promising shares ahead of the queue. As general manager of the AV Rt., Mr. Lajos Csepi issued a statement to the effect that no wrongdoing of any kind had occurred. It should have been his official duty to order an immediate investigation, and only after the completion of that investigation would he have been able to state with certainty that nothing wrong had been done.

[MAGYARORSZAG] That investigation could still be held even now.

[Sepsey] Yes, but it would be very difficult to establish now what had actually transpired. It is obvious that the persons concerned attempted to remove every incriminating evidence, as soon as the press mentioned the need to hold an investigation.

These circumstances prove that the management of the AV Rt. is not up to its task. It is defrauding rightful claimants and is deliberately misleading the public. In my opinion, this is intolerable in a democratic rule-of-law state.

[MAGYARORSZAG] What solution do you deem necessary for the satisfactory and law-conforming implementation of compensation?

[Sepsey] I think it is of primary importance that rightful claimants get at least a fraction of their original assets, and that they be given priority over the speculators. I am confident that the Socialist and Free Democrat MP's across the aisle from me will also grasp the importance of this issue and will not acquiesce subserviently in making the compensation notes worthless. After all, there are many rightful claimants also among them and their relatives.

Uncertain Future of Compensation Vouchers

94CH0427B Budapest HETI VILAGGAZDASAG in Hungarian 27 Aug 94 pp 98-99

[Unattributed article: "Paper Weight; Devalued Compensation Vouchers"]

[FBIS Translated Text] *The price of compensation vouchers on the exchange fell to a historical low of 44 percent last week, after it was revealed that as a means of payment, it continues to be worth 161.2 percent of its face value in privatization deals, but in the evaluation of bids, only 50 percent of the earlier value is calculated. Due to protests, the State Property Agency [AVU] suspended the implementation of its own decision.*

Just like the tax break for buying state bonds, the legal "overvaluation" of the compensation vouchers is a legacy from the previous government, the price of which can hardly be born economically in the current situation, but the present government cannot escape the obligation and still maintain legal continuity. Still, a slight difference between the two dilemmas is that while in case of the state bonds all but the less practical and less astute taxpayers will be able to take advantage of the opportunity before a restriction can be put in effect, unless the new parliament resorts to passing a retroactive law (a "trick" which is inconceivable in a constitutional state), the devaluation of compensation vouchers is not a done deal yet. If it was possible to put a stop to squandering state property in the framework of the Program of Discounted Stockbuying, due to which the "lucky" will be able to pocket a profit of 200-250 percent in September by tying up their money for a few days [HETI VILAGGAZDASAG, 20 August 1994], then when the repayment is done through compensation vouchers, the regulations concerning the utilization of compensation vouchers in bids can also be modified.

At privatization auctions, compensation vouchers must be accepted at their face value plus interest—in August, this was already 161.2 percent—but the market value of the voucher is only about one-half of its face value. A successful bidder can "sell" a voucher bought for approximately 500 forints [Ft] for Ft1,612. The board of directors of AVU recently designated the West-Transdanubian Fuel and Building Material Marketing Enterprise [Tuzep] an experimental area, and announced a regulation which states that bidding by individuals to pay with compensation vouchers or preferential small business loans, the vouchers would be regarded to be worth half as much as cash. Conversely, an Employee Stock Ownership Program within a company or an investor who earlier bought up compensation vouchers would have to double his previous bid in order to stay in the running. This solution was protested especially vehemently by representatives of worker councils, who fear that Hungarian investors will lose their competitiveness compared to foreign buyers who cannot utilize preferential modes of payment, at least not without a front, but the exchange also reacted to the news without delay. After the 54-56 percent compensation voucher prices of the previous week, at the beginning of last week some uncertainty was perceivable, but after the news about Tuzep, on Thursday the drop of prices was dramatic: The closing price was only 44 percent of face value. Friday and Monday this was followed by a slight price increase, but even the news that as a result of the protest, AVU's board of directors already suspended the implementation of its own decision, was not enough to restore a price above 50 percent.

The official excuse for the suspension, i.e., that during this time it will be possible to obtain an expert opinion by the Ministry of Justice about the legality of the solution of "individually" devaluing compensation vouchers, surprised even Gabor Gado, assistant undersecretary of the civilian department of the Ministry of Justice. As he said, they gladly aid other state agencies in interpreting the laws that they prepared, but this opinion is not binding even for the agency requesting the opinion, and thus it is completely out of proportion to call it "advance norm control." The assistant undersecretary, who should prepare the future response, had not yet received AVU's exact question, and thus he could not even speculate on the response, but even if the ministry unequivocally backs AVU in this issue, a court will be able to bring a contrary judgment.

It is a fact that AVU's plan which attempts to circumvent the regulation of the compensation law by accepting the voucher at face value in principle, but reducing offers to pay in advance in the bidding, in theory appears to be legal. Apart from the legal compunctions, from a practical point of view, the protest seems to be exaggerated. Even if a cash forint were worth twice a compensation voucher forint, it still only means that the AVU would buy the vouchers from the successful bidder at 80.6 percent—half their face value, plus interest—and the same vouchers could be bought at the exchange for under 50 percent of their face value. Moreover, in the evaluation of bids the price and the mode of payment is only one of the criteria; bids by employees are, for instance, treated with preference. In reality, the advantage of those who pay with a voucher would only disappear if the market value of vouchers exceeded 80 percent, and there is no chance for that in the foreseeable future.

Of course, there are plenty of ideas to bolster the exchange rate of the vouchers. Still, both Lajos Csepi, director general of the State Property Management Corporation [AV Rt.], and Janos Hatvani Szabo, managing director of AVU, expect the compensation vouchers to further weaken in the short run. Moreover, Lajos Csepi considers setting a time limit on compensation important. For instance, in his opinion, one could declare that state property must be offered in return for compensation vouchers only until the end of next year. In spite of all this, they both advise compensation recipients not to sell their vouchers, because favorable investment opportunities are expected towards the end of the year. However, those who hope for an offer of stocks of the Hungarian Telecommunications Enterprise, the power plants, or other firms which promise great returns will most probably be disappointed. The new privatization leadership expects to manage the large public service companies as strategic property, and this could bring money—cash—and large foreign investors; in relatively smaller companies, the practice of self-privatization could be revived, whereas the compensation offer, probably concentrated in a few investment funds, will consist of the "leftovers." The AVU still has majority proprietorship of more than 400 firms, as well as a minority stock portfolio of considerable value, thus, 70-80 percent of the property intended to absorb the compensation vouchers, valued at Ft200-300 billion, could come from the current AVU; the AV Rt., which has a much more valuable and much larger portfolio, would have to play only an "auxiliary" role.

The management of future compensation investment funds could be obtained by "certifiably" Hungarian entrepreneurs through bids; the two current privatization agencies or their joint legal successor would require bank guarantees from them, and the income of the property manager would depend unequivocally on the changes in the funds' market value. According to Lajos Csepi, low-risk, long-term investment opportunities will be suitable to increase the exchange rate of compensation vouchers, as well. At any rate, Privatization Commissioner Ferenc Bartha builds on the unbroken optimism of compensation recipients and expects that if the exchange rate of vouchers drops now when there is a lack of investment offers, they will wait for better times and will not sell their vouchers.

Poll Shows 'Dissatisfaction' With Horn Government

AU1110112494 Budapest NEPSZABADSAG in Hungarian 10 Oct 94 p 4

[Unattributed report: "Szonda Ipsos Survey on Evaluation of the Socialists and of Government Activity"]

[FBIS Translated Text] Commissioned by the HET program of Hungarian Television, the Szonda Ipsos opinion poll research institute carried out a survey this weekend among the adult urban population about the people's view of the Hungarian Socialist Party [MSZP] and its leadership, and whether this party's government activity so far is in harmony with its election promises. The survey also tried to discover the chances of this party at the local government elections scheduled for the end of 1994.

According to the results of the survey, the people find the MSZP more a uniform party than a fragmented party. At the same time, close to two-fifths of the urban population in Hungary think that there are politicians in the MSZP leadership whose political views differ considerably from Gyula Horn's views. Most people mentioned Laszlo Bekesi and Matyas Szuros. Most people in the survey are dissatisfied with the activity of the MSZP government so far, and an overwhelming majority find it conceivable that the party will not fare better at the coming local government elections than in the parliamentary elections held in May 1994. The MSZP can count on similar results, or even less success.

Close to half of the people in the survey (46 percent) think that the MSZP is more a uniform party than a fragmented one, and only 23 percent take the opposite view. This proportion is much higher (62 percent) among the supporters of the government parties, and only 29 percent of the supporters of the opposition parties had the same opinion. Some 39 percent of the urban population think there are politicians in the MSZP leadership who represent a rather different view from that of the party chairman. According to 22 percent of people who think this, Laszlo Bekesi is one such person, and 17 percent mentioned Matyas Szuros as such a person. The opinions of the urban population on the long-term cooperation between the MSZP and the Alliance of Free Democrats [SZDSZ] differ strongly: Some 33 percent think that an identity of views will characterize the relations between the two parties regarding the major issues; according to 35 percent of the people, differences of views and disagreement will dominate the MSZP-SZDSZ joint government activity.

Regarding the government activity of the MSZP since the elections, most people in the survey expressed their dissatisfaction. According to 59 percent of these people, this activity only slightly fulfills or does not fulfill at all the party's previous promises; only 33 percent of the people in the survey stated the opposite. The supporters of the opposition parties and the young generation (18-29 years old) are even more critical in their evaluation, with 86 percent seeing considerable differences between the promises and the activity so far. At the same time, only 48 percent of the supporters of the governing parties think the same.

The largest group (46 percent) is made up of those who predict that the MSZP will fare worse at the coming local government elections than at the parliamentary elections. About one-third of the people in the survey (37 percent) predict results similar to the parliamentary elections in May, and 14 percent of the urban population think that the MSZP will fare better than in May 1994. Supporters of the opposition parties and young people generally see much worse prospects for the MSZP than the average. Some 67 percent and 78 percent respectively think that the MSZP will be unable to repeat its results achieved in May 1994.

Draft of New Law on Central Media Detailed

94CH0427A Budapest HETI VILAGGAZDASAG in Hungarian 27 Aug 94 p 15

[Unattributed article: "Media Law: Variant Zero"]

[FBIS Translated Text] Hungarian Television [MTV] broadcasts at least one (or two) national programs transmitted from the ground, and Hungarian Radio [MR] broadcasts at least two (or three). This alternative formulation is contained in the new media bill, prepared 19 months after the failure of the bill submitted by the Antall government. According to the 9[illegible]-page text comprising 173 articles, the public service stations of MTV and MR will function in the future as one-person corporations owned exclusively by the state. The founder of the two media corporations will be the National Assembly, and ownership rights will be exercised by the speaker of the house. The presidents of the MR and MTV will be elected for a four-year term by parliament with a two-thirds majority, if possible, but after two unsuccessful votes, 50 percent plus one vote will be enough for the appointment.

MR and MTV will finance their operations from targeted budgetary subsidies, from business activity which they will be allowed to continue to a limited extent, as well as from the fees for the operation of radio and television sets (subscription fees). MTV and MR will divide the latter in a 60:30 ratio. The remaining 10 percent will be put into the "pot," called Programming Fund, created from programming fees paid by commercial stations, among other sources, and this fund will support, on the basis of applications, MTV and MR on the one hand, and the production of public service programs by other radio and television stations, on the other. The organization plans to determine the amount of the fee for the operation of radio and television sets at 3 percent of the per capita subsistence level; until 1 January 1997, this fee would be 460 forints [Ft] per month. The state is planning to pay the fee for individuals over 70 who live alone, married couples over 70, veterans disabled to 100 percent, and individuals whose vision or hearing is seriously impaired.

During a one-hour block, MTV and MR can broadcast no more than 6 minutes of commercials; nonprofit stations can broadcast 9 minutes, and commercial stations, 12 minutes. At the same time, the law would allow the latter to interrupt movies only once every 45 minutes, but no more than twice during one movie, to broadcast commercials. According to the proposal, the programming of MTV must consist of domestic programs to at least 30 percent, and of European programs to 31 percent; the rest of the television stations must show Hungarian productions in at least 10 percent of their programming.

In order to continually guarantee the balanced structure of Hungarian radio and television, the bill proposes the election in parliament of a five-member Radio and Television Board (RTT). This powerful body would have to approve the frequency plans prepared by the Telecommunication Supervisory Authority. The RTT's sphere of authority would also include the development of bidding regulations for the allocation of local, regional, and national broadcasting permits.

In order to prevent positions of monopoly in national media enterprises, the proposal allows one owner to have no more than 49 percent of the vote. A further restriction is that media firms are entitled to no more than one national, or two regional and four local, or 12 local stations. (Regional broadcasts reach more than a minimum of 100,000—in big cities, 500,000—inhabitants, but less than 50 percent of the country's population. Television and radio stations with a smaller range count as local broadcasters.)

The proposal also determines in an alternative manner the minimal Hungarian equity in media enterprises. The share of natural persons of Hungarian citizenship or permanent residence in Hungary must be at least 33 percent according to one version, and 51 percent according to another. However, there also exists a "zero variant," according to which there is no need for such a regulation. The bill also declares that individuals having at least 20 percent of ownership rights at a firm which publishes a newspaper with national circulation can only acquire a less than 20 percent equity in electronic broadcasting, and vice versa.

The media bill, developed under the leadership of Law Professor Andras Sajo, is expected to be submitted to parliament in October, after consultation with the parties in parliament, with professional organizations, and after coordinating sessions within the government.

Kolodziejczyk Announces Resignation Plans

LD1210092094 Warsaw Radio Warszawa Network in Polish 0800 GMT 12 Oct 94

[FBIS Translated Text] Minister of National Defense Piotr Kolodziejczyk, who was also a guest of the Polish Radio First Program, announced that he would resign after the so-called Drawsko case has been clarified.

[Begin Kolodziejczyk recording] I believe that the case is a very important one, that it requires calm and that it requires clarification step by step in a really honest way. I can use my prerogatives at any moment, but, for the time being, the commissions have the floor—the Sejm subcommission, which already has been set up, and the government one that I hope will soon be set up. I will keep my word that I gave to the president. Immediately after the conclusion of the examination of the Drawsko case, since such a term has already been coined, I will resign. [end recording]

Walesa Attacks Oleksy Over Kolodziejczyk

LD1110125094 Warsaw Radio Warszawa Network in Polish 1105 GMT 11 Oct 94

[FBIS Translated Text] President Lech Walesa, in an interview for our program, when asked why he had already embarked on the presidential election campaign, said that by his declaration that he would run as a candidate he wants to stop the questions which are constantly being asked regarding this issue. He also pointed out, however, that the real campaign—a very intense one, in fact—is being conducted by other people.

[Begin Walesa recording] In fact, it is other persons who are fighting on the political scene, and they are fighting a very unfair game. If you look at what the Sejm speaker [Jozef Oleksy] is doing, you could say that he uses every opportunity, whenever he can, to attack the president. Take the latest issue concerning Defense Minister Kolodziejczyk: How can the Sejm speaker say that he supports the minister without knowing anything about the matter? So, at every opportunity, whenever he can, he visits Jasna Gora to show how good he is. It is a despicable and dirty fight. I have never criticized the speaker, or any other people taking part in the campaign. So, what gives him the right to attack me? I will start doing the same.

He has so many other matters to deal with, matters concerning law and legal instruments, also in the military sphere. What has he achieved, apart from organizing rallies, touring, and seeking support, apart from conducting an election campaign? It is he who is conducting an election campaign, together with several other people, and not me. I am trying to resolve problems and discuss subjects which need regulating.

Of course, everyone says that I am conducting an election campaign. If I was conducting an election campaign, I would allow a scuffle [bijatyka] in the Ministry of Defense, or negative trends in the National Radio and Television Broadcasting Council. I would not touch any of that. Why should I jeopardize my own case? I am doing it all because I want to put these relations in order. For, if a certain trend had prevailed within the National Broadcasting Council, one company would have got almost everything, and there would be no room for anyone else. This was the direction—future frequencies were promised, and so on. It was quite clear to me. For this reason I could not agree with it. Despite the price I have to pay I am trying to do something in this country. Yet others only attack every move, use every opportunity to conduct an election campaign. I ask you gentlemen: Take a note of all this. [end recording]

President Criticizes Army's Situation

LD1110174794 Warsaw Radio Warszawa Network in Polish 1700 GMT 11 Oct 94

[FBIS Translated Text] The president's press office has published the full text of Lech Walesa's speech delivered at the meeting of the Polish Army command staff in Drawsko. The president told the generals that he approved the measures that had been introduced in the Army so far, but the majority of the Army's problems had not been resolved. The president stressed that this concerned mainly legislative issues because, he added, the law on universal conscription had not yet materialized, and there was no clear division of responsibilities for the people responsible for the security of the state and those who are in charge of the armed forces.

The president said that defense expenditures were insufficient. He was also critical of the lack of any decisions concerning the property, military barracks, and airfields owned by the Army and not needed by it. President Walesa pointed out that these issues should be discussed and that it was necessary to demand that these issues should not be treated lightly. However, he emphasized very clearly that the Army should be above all divisions, and its objective should be to defend the interests of the entire nation and not individual political groupings.

Ending his speech in Drawsko, Walesa thanked General Tadeusz Wilecki, chief of the general staff, Admiral Piotr Kolodziejczyk—as well as the generals who have served 30 years in the Army as they have—for their exemplary service.

Oleksy Denies Political Campaign Against Walesa

LD1110205694 Warsaw TVP Television First Program Network in Polish 1830 GMT 11 Oct 94

[Relayed by Warsaw TV Polonia Network]

[FBIS Translated Excerpt] In an interview with the Polish Radio First Program, President Lech Walesa accused Sejm Speaker Jozef Oleksy of beginning a campaign before the presidential election and of deliberately attacking him. Sejm Speaker Oleksy considers these accusations insulting and untrue and added that he hoped that the president would apologize to him. [passage omitted]

[Begin Oleksy recording] The president knows that I am not conducting any campaign, that, if I go to the provinces, I do it because people want to meet me there and hear much needed information about difficult matters in the country. If I make statements on legal issues, I do it because there are doubts concerning the observance of the law, also in the highest echelons of power. It is a bad forecast for public and political relations in the country when a different opinion on a complicated legal issue is being regarded as an attack against the president only because the opinion happens to be different from the president's opinion.

I think President Walesa cannot expect that the Sejm speaker will adapt all of his statements and be guided by whether they are nice for the president or not. Differences of opinion are a very natural thing when it comes to controversial matters. However, there should be better manners or even mutual support, and the words used should be chosen appropriately. [end recording]

Kolodziejczyk, Wilecki Give Accounts of Drawsko

LD1110203194 Warsaw TV Polonia Network in Polish 1830 GMT 11 Oct 94

[FBIS Translated Excerpt] National Defense Minister Piotr Kolodziejczyk said that under no circumstances will he resign, despite yesterday's call from the president, until the reasons for the crisis in the Defense Ministry are explained. The defense minister accused the chief of the General Staff, General Tadeusz Wilecki, of not carrying out his orders. The minister does not intend to bring the general to account at the moment.

[Begin recording] [Unidentified reporter] General, will you carry out the orders of the present civilian defense minister?

[Wilecki] I always have and will continue to do so. Who said I do not? [end recording]

[Begin Kolodziejczyk recording] I reject this statement. I have presented to the commission those cases in which Gen. Wilecki did not carry out my orders. [end recording]

The national defense minister and the chief of the General Staff were explaining, before the Sejm Defense Commission, events that took place 10 days ago at the Drawsko training grounds. According to press statements, where the president was present, the generals refused to obey the minister. Today the president sent a letter to the commission explaining the matter.

[Begin recording] [Jerzy Szmajdzinski] The president said: During a meeting with the command of the Polish Army in Drawsko, I asked the generals present to express their opinion about reforms in the Army. After listening to those opinions. I decided that the best solution would be to make personal changes. I asked Minister Piotr Kolodziejczyk to resign. [end recording]

According to the press, in Drawsko the president was to ask the generals to vote in favor or against Minister Kolodziejczyk.

[Begin recording] [Wilecki] I do not think there was a vote. The commission will explain this.

[Reporter] So what did happen, in your opinion?

[Wilecki] Nothing happened. [end recording]

Another version of the events in Drawsko were presented by Minister Kolodziejczyk.

[Begin Kolodziejczyk recording] The president ordered a vote. The question was: Should the civilian leadership of the National Defense Ministry be dismissed? All hands except two went up.

[Wilecki] I repeat that there was a man-to-man talk.

[Reporter] With hands going up or not? [laughter] [end recording]

The commission meeting was closed to the press, but all of its participants said it was very heated. Deputies said that Minister Kolodziejczyk announced that Gen. Wilecki's case will be passed on to a military prosecutor, but the minister did not want to confirm that.

Also, nobody wanted to admit officially that deputies sharply criticized the president, who, in their opinion, wanted to subordinate the Army. The commission decided that there are no reasons for Minister Kolodziejczyk to resign until all of the circumstances of the crisis in the Defense Ministry are explained. [passage omitted]

Progression of Walesa-Kolodziejczyk Conflict

WS1110125394 Warsaw GAZETA WYBORCZA in Polish 11 Oct 94 p 1

[Article by Pawel Wronski and Agnieszka Kublik: "War Games"]

[FBIS Translated Text] *Walesa: Kolodziejczyk, hand in your resignation.*

Pawlak: Kolodziejczyk, remain calm.

Kolodziejczyk: I will not leave in such a situation.

The president demanded yesterday that National Defense Minister Piotr Kolodziejczyk submit his resignation in writing. He reminded him about his earlier declarations about his readiness to resign if the head of state demanded that he do so.

Lech Walesa received Kolodziejczyk in the Presidential Palace yesterday morning. He accused him of, among others, delaying reforms in the Ministry of National Defense [MON] and not preventing the "Drawsko issue"—the fact that top generals refused to listen to their minister's orders—from hitting the headlines.

A Very Unpleasant Meeting

Our information suggests that the talk was held in a very unpleasant atmosphere. At the end, the president categorically demanded the minister's resignation.

Right after that meeting, Walesa received Prime Minister Pawlak. We do not know any details of that conversation.

"Mr. President, why do you want Minister Kolodziejczyk to resign?" we asked Lech Walesa immediately after the meeting.

"Because I want to reorganize the ministry," he replied. "I do not at all want Kolodziejczyk to leave; he does not have to leave, he will get another ministerial post."

"Does this spell the end of your good relations with the minister?"

If Kolodziejczyk Resigned

In line with our information, the president had the following scenario in mind: Kolodziejczyk leaves immediately, and he is replaced by a new man chosen by General Tadeusz Wilecki, head of the General Staff. This new man is compliant with both the president and the head of the General Staff. Then Kolodziejczyk would not show up at the session of the Sejm National Defense Committee, which is to try to clarify the "Drawsko issue."

As we have already reported, on 30 September in Drawsko the president demanded Kolodziejczyk's resignation and put this to a vote. All of the generals (there were over a dozen of them there), with the exception of two, were in favor of the minister's resignation.

The president's spokesman admitted yesterday, for the first time, that the president asked the minister to submit his resignation in Drawsko. He added that Pawlak had been informed about this as early as a week ago.

Kolodziejczyk Must Explain the Affair

We talked with Minister Kolodziejczyk an hour after the official information on Walesa's decision was issued.

"The president's request for my resignation is lying on my desk," Kolodziejczyk said. "In a moment I will give a negative answer to it. I have declared on many occasions that I will go if the president demanded that. I cannot, however, leave MON in such a situation. I do not care about the post itself. What this is about is democratic control over the Army. I can leave only when the investigation of the Drawsko issue is completed. I hope that it will be undertaken thanks to the Sejm National Defense Committee."

In the evening, Kolodziejczyk forwarded his letter, which said that he refused to submit his resignation. His spokesman reported that on Tuesday or Wednesday the MON head will meet with the prime minister.

Falandysz Cannot Find Anything Wrong

"Can the president recall the minister?" we asked Minister Lech Falandysz, the Belweder's lawyer.

"No, this situation is worse than in the case of the National Council of Radio and Television," he replied. "For Kolodziejczyk to leave, Walesa and the prime minister would have to reach an agreement."

Pawlak Talks and Recommends

Prime Minister Pawlak met yesterday with General Wilecki. It is not officially known what they discussed at the meeting.

Our information also suggests that the prime minister phoned Minister Kolodziejczyk and recommended that he "remain calm."

Ruling Coalition Opposes Kolodziejczyk Dismissal

LD1110142594 Warsaw Radio Warszawa Network in Polish 1105 GMT 11 Oct 94

[FBIS Translated Text] The governing coalition is decisively against the dismissal of Defense Minister Piotr Kolodziejczyk, Democratic Left Alliance [SLD] leader Aleksander Kwasniewski has said. In the opinion of the coalition representatives, the issue requires an explanation.

The second subject of this morning's meeting of the coalition was the issue of the post of police commander, which still remains vacant. The coalition members have agreed that next candidates will be consulted by Prime Minister Waldemar Pawlak with Minister of Internal Affairs Andrzej Milczanowski. This issue should be resolved urgently, the coalition believes.

Yesterday, the Political Advisory Committee attached to the minister of internal affairs rejected Krzysztof Dybiec's candidacy to the post of police commander.

Daily Comments on Conflict Over Army

WS1110124394 Warsaw GAZETA WYBORCZA in Polish 11 Oct 94 p 1

[Commentary by Piotr Pacewicz and Pawel Wronski]

[FBIS Translated Text] We are now witnessing an unusual situation: The president is demanding the dismissal of his minister, who refuses to do so. The minister finds support from the governing coalition, the prime minister, and parliament, which is defending the principle of civilian control over the Army. Walesa may be supported by the subordinates to the minister—the General Staff, including [General Staff Head] General Wilecki, who is in conflict with Kolodziejczyk. This group is beginning to receive support from the extraparliamentary opposition, under the slogan of a "war with the communists."

What will come next? The conflict has been so aggravated that probably no one is any longer asking about the crux of the matter: Is the minister good or bad? Unless one of the two opposing sides gives in, we may witness a dangerous test of wills. What will happen if, for example, the minister recalls the head of the General Staff and he refuses to do as the minister wishes? Kolodziejczyk is Wilecki's superior, and in the Army you listen to orders and do not discuss them.

In Drawsko the majority was against Kolodziejczyk; nonetheless, the opinions of officers are divided. In the Navy, Air Forces, and the antiaircraft defense forces, as well as among junior officers, Kolodziejczyk is very popular, as is the principle that he advocates—civilian control over the Army.

In Drawsko the Army appropriated the powers of parliament and tried to recall the minister. Right now it is becoming a participant in a political game between the supreme organs of the state, or, to put it quite bluntly, between political forces fighting against each other.

After the question of who will control television, a question which is outrageous in democracy, we now face a terrifying question: To whom does the Army belong? This question has not been asked in democratic Europe for a long time now.

Defense Commission Head on MON Legislation

WS0710114594 Warsaw POLSKA ZBROJNA in Polish 5 Oct 94 p 2

[Article by Colonel Stanislaw Lukaszewski about a speech by Jerzy Szmajdzinski, head of the Sejm Commission for National Defense, presented at a meeting of the Command Cadre of the Polish Army; place and date of speech not given: "Discord or Distrust?"]

[FBIS Translated Text] Issues of authority in the army are becoming a problem. Much is being said about delays in legislation intended to bring order to the army. The Sejm debate on national defense is being postponed. Jerzy Szmajdzinski, head of the Sejm Commission for National Defense [KON] spoke about this and other issues at a meeting with top officers of the Polish Army. We decided to present extensive fragments of his interesting speech.

"I tried to establish," said Deputy Jerzy Szmajdzinski, "what are the reasons for legislative delays, that have actually dragged on for years. The political system and the economy have changed. But in the sphere of defense we are unable to keep up with the pace of reforms. The situation is especially bizarre as the Ministry of National Defense [MON] has taken up a considerable law-making effort, yet the majority of draft projects never left the Ministry."

"The question is," Deputy Szmajdzinski observed, "why is there no law on national defense or on the armed forces at the Sejm. There is just one, pertaining to the Navy—a law on the Polish Republic's sea space and marine administration. It is to be passed by the Sejm in about two weeks. Preparations took two weeks and there were no major problems."

"But why are there no other regulations? It seems there are two reasons for this. The first is the prevalent conviction that provisions of the present Constitution are temporary and that issues relating to state security are not straightforward. We all know they do not specify the position of the parliament, they do not define decisively and extensively the relations between such state organs as the president, the prime minister, the Council of Ministers, the minister of national defense, head of the General Staff and such 'collective' organs as the National Security Council [RBN], provided for in the Constitution. The RBN has never been established. No advisory body has been formed. The National Defense Committee operates only on the basis of a resolution on the universal obligation to defend the country. We therefore have many different bodies, a multitude of institutions, and no unity between them. It is thus obvious that the Constitutional Commission of the National Assembly [KKZN] has the fundamental goal of comprehensively defining the authority of each of the above organs and specifying their interrelations."

"If we analyzed those parts of the seven draft projects presented to the KKZN, which refer to national security and defense, we would find that they do not predict any revolution in the present distribution of power. It may be therefore assumed that a certain shift of balance will take place, calling into question the 'Basic Assumption of the Polish Security Policy,' an agreement signed by the president in November 1992. The document clearly states: 'The President of the Republic of Poland is the commander in chief of the Armed Forces of the Polish Republic, in times of peace the minister of national defense takes full command over the Armed Forces of the Polish Republic.' (page 19 of the document). And there is no other state document to contradict the above. Theoretically speaking, there should be no problems with preparing a package of laws which would include this seemingly simple and explicit principle. Unfortunately, this is not so."

"The second reason for the delay in preparing a draft of projects within MON?" "The problem," according to the head of KON, "is that a certain distrust is expressed more or less directly toward standards of civilian and democratic control over the army, the basic element of which is the administration of MON by a civilian minister representing the government."

"I get this impression," stressed Szmajdzinski, "having read the various amendments, comments, and suggestions that reach the legal department of the civilian part of MON."

"Supporters for curbing the authority of the minister of national defense will also curb parliament, because the truth is that otherwise national defense commissions are unable to fulfill their controlling role, they will not investigate what goes on within the army—they will always do so through the minister of national defense. Therefore, in accordance with European standards, it is vital for the parliamentary commissions to observe how many 'instruments' of power does the minister of defense have. These do not all need to be executive powers, but the minister should have an insight at all times."

"The minister is the only official that is held constitutionally responsible before the State Tribunal for everything that goes on within the Armed Forces of the Polish Republic. Hence our concern."

"The minister is responsible to the parliament and the government for everything that relates to defense at all times, day and night. He must therefore have full knowledge of what is going on in the army. We will not seek any other solutions, either German-style or any others, in which parliaments directly permeate army structures or have proxies. We believe that the minister of defense should be controlled by the representatives of our society. Of course we understand our opponents, we understand those who present examples of unfortunate staff decisions made by the civilian part of MON in the past, and who say we should avoid solutions that could lead to irresponsible conduct. We understand this. We should create an adequate safety system, but we cannot abandon the principle."

"The world has its eyes on us—16 states of the North Atlantic Treaty Organization, military attaches and entire military structures are keeping close watch. We cannot afford to present a strong will of integrating the Polish Armed Forces with EC and NATO structures, implementing 'Partnership for Peace,' changing international relations and carrying out a fundamental transformation of the system and the economy of our country if legal regulations are often blocked due to increasingly fierce conflicts over distribution of powers."

"I truly hope and believe," stressed Szmajdzinski, "that together we can move toward greater trust and understanding, and overcome the existing deadlock. It is possible that deputies will present a draft law on the office of minister of defense in the near future. A working draft is presently being consulted. This draft does not contradict a whole set of provisions within the Constitution, no part of which, according to an agreement signed between the parliament, the largest parliamentary club and the president, may be modified until the new constitution is passed. Based on provisions of the present Constitution, we will want to clearly state in the draft what are the powers of the minister of national defense, what are the powers of the head of the General Staff, and which decisions must be approved by both the head of the General Staff and the minister of defense. In other words, what are the common powers, what are the exclusive powers of the civilian minister, and what are the absolute powers of the head of the General Staff, the highest ranking military officer."

"Perhaps this initiative," observed Szmajdzinski, "will allow to solve the deadlock, which in issues related to authority coincides with basic problems of state defense by way of a document passed by the Council of Ministers, and could constitute a basis for a parliamentary debate on defense. On Tuesday, KON has turned to the speaker of the Sejm requesting that a debate be held when the first package of defense laws reaches the Sejm."

"We do not merely want to have a debate just so that the deputies can talk about different issues and problems, stopping at a first reading of the laws. We know that several laws are almost completed: on quartering the armed forces, on defense obligations and duties, on the military service of professional soldiers, on military discipline, on administering State Treasury property managed by units of the Ministry of Defense, on establishing a Military Property Agency. I hope that at least two or three of the five laws will soon reach the parliament."

"The second problem concerns the budget. Both the Sejm and Senate commissions are fully aware that a further cut in expenditures for the Armed Forces may result in a permanent inability to satisfy state defense needs. We would like to address the government with an opinion that the present state of peace is unsettling."

"A further decrease in expenditures would imply a considerable weakening of defense readiness, as well as a serious restriction for the domestic military industry. As a consequence, investments and employment would drop, bringing about negative social and political effects. This would make structural changes in the Armed Forces more difficult, and delay shortening the basic military service, which is a public proposal. We have appealed to the prime minister on these issues. We reminded him of what he had said in his expose. We hope the new draft budget, which is to be presented in a few weeks, will be more satisfying than the one for 1994."

"The coming budget debate will undoubtedly be very difficult, as inflation remains high and the domestic debt is growing."

"I am convinced that we must undertake a joint legislative effort to eliminate excess infrastructure next year. This excess causes that as much as 75 percent of defense expenses are fixed costs, which continue to rise."

"We are developing a parliamentary resolution on defense which would allow achieving 3 percent of the net domestic product before this Sejm term expires."

Deputy Jerzy Szmajdzinski took the opportunity to thank the officers for the conditions they created for KON in the military units, and for organizing meetings and talks. "Good relations," he emphasized, "allow for a better understanding of the complex problems of national defense."

Military Daily Points to Need To Specify Powers

WS1110143894 Warsaw POLSKA ZBROJNA in Polish 11 Oct 94 p 2

[Commentary by Tadeusz Mitek under the "Not Unimportant Reflections" rubric: "Civilian Control Over Army and Democracy Standards"]

[FBIS Translated Text] In the discussions that have recently been held about controls over the National Defense Ministry [MON], one could often hear the question, among others, of what exactly civilian control over MON and the Army should entail. How should the presence of a civilian factor in the Army be interpreted? How should the influence of politicians and organs of state authority over the Army manifest itself?

To ensure that the answer to this question is not just a loose divergence and does not boil down to, for example, references to some specific individuals, it must be posed in the context of a question that is more fundamental to our topic:

How to include the Armed Forces in the transformation of the political system? How to reorganize and strengthen MON as an institution of a democratic legal state?

A derivative question is this:

What requirements—aside from the very basic ones, such as nonaffiliation with any parties and political neutrality—do other countries impose on their Armies? I mean countries with a well-developed democratic system, partners of which we seek to become and which are watching us?

Let us try to answer these questions. Standards of democracy found in the world demand the satisfaction of, first of all, one preliminary condition: the superiority of the democratically elected parliament over the civilian Ministry of Defense and the Armed Forces.

The next condition is the appointment of a civilian to the post of defense minister. This minister fulfills his function as a member of a democratically formed government and he is responsible to it.

A consequence of satisfying these two major conditions of the functioning of the defense system that is found in democratic states is appropriate control over the Army: this control is exercised directly by the government, formed in parliament, and indirectly by the relevant parliamentary committees. Special emphasis is placed on the openness of the defense budget, which is passed by the parliament which, in turn, controls the implementation of the budget by the government and the Defense Ministry.

In Western countries, great importance is attached to the way taxpayer money is spent. This issue frequently decides the success or failure of governments. Therefore, it is only natural that the people have influence on defense issues through debates on defense and through the activity of various civic associations. Such activity, of course, is of great patriotic and educational significance.

It is obvious to demand that within the Defense Ministry the structures and powers of command over the Armed Forces be separated from political-administrative powers over this ministry.

This general, standardized framework of democracy does not exclude, of course, any special solutions for a given country, a solution that would correspond to the national experiences and tradition. What should be respected are principles, not a fixed model.

The Polish legislature, politicians, lawyers, and military commanders are facing the task of constitutionally specifying the powers of individuals and offices responsible for efficient functioning of the defense system. This specification should be precise, lucid in practice, and it should leave no room for doubt as to the interpretation of these regulations. This particularly concerns the president of the Polish Republic as commander in chief of the Armed Forces, the prime minister, the defense minister, and the head of the General Staff of the Polish Army.

The relations among them must not depend on temporary political situation; regardless of the political weather; they should serve the purpose of guaranteeing the efficiency of state activities in the sphere of national security.

Coalition's Year in Power Assessed

MM1010134194 Krakow GAZETA KRAKOWSKA in Polish 30 Sep 94 p 3

[Transcript of "editorial debate" at the GAZETA KRAKOWSKA offices, attended by: GAZETA KRAKOWSKA journalists; Kazimierz Barczyk, chairman of the Polish Union; Bogdan Pek, chairman of the Polish Peasant Party Krakow Voivodship Board and chairman of the Sejm Privatization Commission; Tadeusz Syryjczyk, Sejm deputy for the Union of Freedom and head of the advisory team in Hanna Suchocka's cabinet; Andrzej Urbanczyk, deputy chairman of the Sejm Culture and Media Commission and Sejm deputy for the Democratic Left Alliance; date not given]

[FBIS Translated Excerpt] [Passage omitted] [Barczyk] To go back to 19 September [1993 parliamentary election], it was a massive defeat for the Democratic Union. The party which for several years previously had been holding all the cards on the Polish political stage was reduced to the status of a small opposition group—to a role in which it still cannot find its identity.

[Syryjczyk] Nevertheless, today it is somehow managing to find its own identity.

[Barczyk] That is still how it is seen. Of course, the center-right groups found themselves among the losers too—as it were at their own request because of their fragmentation. But the potential of one-third of the electorate who voted for the center right has not been shifted. This was later confirmed in the local self-government elections.

As for the ruling coalition, the 365 days it has been in power represented for it a year of tranquillity. Although certain political attempts were made to hit the Polish Peasant Party [PSL], while at the same time ignoring the Democratic Left Alliance [SLD].

[Urbanczyk] For me, 19 September was not only the day of the success of the left-oriented groups. It was also the beginning of a new phase of democracy in our country. For the preceding 4 years we were dealing with a rather homogeneous configuration of the organs of power. What do I mean by this? We had a parliamentary majority hailing from post-Solidarity political configurations, a government arising from the same groups, and also the president and the media coming from the same camp, just as the elected local self-government activists. All that facilitated communication among the forces which at that time gave their support to the government.

What about the situation after and since 19 September? We have a government formed from the parliamentary majority and a president who openly demonstrates his hostility to that majority; we have local self-government bodies which are, owing to their lineage, largely connected with both the present opposition and that of the day before yesterday (especially in bigger cities); and we have the sort of media which, even if Prime Minister Pawlak possessed the ability to walk on water, would still scream loudly that he cannot swim. In other words, we have an entirely different situation. I maintain that what happened after 19 September brought our political configurations closer to the realities of life. To the true pluralism existing in our society. That is why, as we evaluate the present government, we should remember that it represents a new phase of democracy. A democracy which is more authentic than that from which the previous parliament and the previous governments emerged.

[GAZETA KRAKOWSKA] The day after last year's election Adam Michnik asked the question "What will happen to Poland now?" and insisted that the most important task for the victorious parties was the formulation of an economic program which should not obliterate the achievements of the preceding 4 years.

[Syryjczyk] Of course there has been no disaster there. However, the coalition seems to forget that international competition continues all the time. That Central Europe is ceasing to be an attractive place for capital investment. And the coalition itself has proved incapable of carrying through a modernization program which would put to good advantage our trump card, that is, the fact that we are first in line with reform processes.

It was said here that the present coalition is closer to the current social realities. This could be interpreted in two ways: That it understands these realities better and has a better appreciation of their requirements, or else that it has less motivation to change them.

[Urbanczyk] You could put it as follows: People see the present coalition as being made up of "their guys."

[Syryjczyk] Well, yes, but there is a price to be paid for being "of the people." If Balcerowicz had wanted to be seen by everyone as their friend an ally in 1989, he would most probably have failed to achieve anything at all. And it is my firm belief that the deceleration of the rate of a whole series of changes is the price we are paying for the fact that the coalition is made up of "our guys." Every time a new problem appears, it is put aside to be dealt with at some later stage.

[Pek] The Union of Freedom suffers from a condition which makes it believe that only its own ideas can be consistent with the line of the reforms, while all the other proposals must inevitably signify a deceleration or halting of the reform process. A good example here is the question of the introduction of districts. How much invective has been directed in this connection against the PSL, which was regarded as "an enemy of local self-government"! Another example is connected with privatization: The fact that the PSL drew attention to the dangers associated with the National Investment Funds, which are incorrectly identified with the Universal Privatization Program, was seen as evidence of its antireform stance.

Meanwhile, I would like to draw attention to the results of repeated public opinion surveys: They are not unfavorable to the coalition in power.

For what is the distinguishing feature that makes this coalition different from its predecessors and suggests that it could achieve success—provided it lasts that long—also in the next election? The fact that it is sensitive to the social costs of the reforms. In my opinion, the [Democratic] Union did not take these costs into consideration, and that is why it was defeated.

To be quite frank, I believe that the Liberal group, led by Marek Borowski and Wieslaw Kaczmarek, exerts far too much influence on the SLD's economic policy.

[Urbanczyk] We must keep up with the pace of the outside world. I agree with Deputy Syryjczyk in what he says about the need for competition, including international competition. We must emerge from our little civilizational "trough," and that can only be done at a price.

On the other hand, I agree with Deputy Pek in his criticism of certain politicians' belief that they hold the exclusive right to the title of "reformers." Criticism of the present government based on invoking the image of an old model devised for a different time misses the point by its very nature. I have the impression that our opposition critics do not pay attention to the signals reaching them from society itself, and that they fail to modify their position according to those signals.

Let me draw attention to the fact that if we compare the uniform "doom and gloom" tenor of press predictions following the 19 September election with the actual things achieved over the past year, we will soon come to the conclusion that those black predictions were not worth the paper they were printed on. This can be demonstrated in tangible, measurable factors: the world's confidence in us has not fallen (a fact which is best attested to by our debt reduction with the London Club); our increased industrial output is a reality; there is a growing stabilization of public confidence in the politicians representing the ruling camp; and we have drawn up a medium-term economic program for the country. In my opinion, these facts are more important than the "pace of the reform," or comparisons between the existing situation and some artificially contrived models.

So, to recap, the economy is developing, and the people are conscious of this.

[Barczyk] The economy began developing back under the Olszewski government's administration.

[Urbanczyk] But we are discussing the time of the Pawlak government here. And the next thing is: We must not ignore the new quality of democratic relations introduced by one of the coalition members: a place in parliament for the opposition. And also scope for extraparliamentary opposition to engage in political cooperation, for such proposals have been made too. The fact that they were rejected at the time is another matter altogether. The attitude of the previous parliament, which was incapable of decent behavior toward a democratically elected opposition, has now been compensated for by what I call "Kwasniewski's gesture" [apology for former regime's conduct].

And if we were to talk today of all the potential dangers threatening democracy in Poland, the parties which form the coalition would be the very last political groups to pose any of those dangers.

That is why, having considered all the relevant factors, I predict that the present government will stay in power for a long time yet.

[GAZETA KRAKOWSKA] Which of the coalition partners has gained more from the present setup?

[Urbanczyk] Obviously, the PSL commands a greater range of power. It has demonstrated its mastery in this game. I would even suspect that it has too much power. It has reached the limit of its competence.

[Pek] Once [Minister of Justice and Deputy Prime Minister] Cimoszewicz has published his list [of politicians with alleged involvement in major financial ventures, in connection with the current "clean hands" campaign], we will know.

[Urbanczyk] In any case, we are more restrained.

[Barczyk] The past year has been a honeymoon year for the PSL-SLD coalition. The next year will be the one for asking serious questions. These questions will be posed also by those who voted the way they did out of an old sentiment for the Polish People's Republic, or because of their fear of decommunization. Today the coalition is still not under pressure to answer these questions. That is why it is the next year that will be the "time of truth."

[Syryjczyk] Let me just add one point here. The fact that we define the reforms according to our own conceptions and that we criticize those who proceed differently is a normal thing: It should always be clear who occupies which position. And, considering the scale of the difficulties and the number of coalition partners, it is immediately clear that the present establishment is not managing as well as the previous, post-Solidarity one did.

[Pek] According to the image presented in the media.

[Syryjczyk] I observe reality not only through the media, and I see that the government is still not doing as well as its predecessors. So it is now clear that the old objections to "amateurs at the helm" in the previous governments were unfounded.

[GAZETA KRAKOWSKA] Still, the findings of opinion polls indicate that all the positive shifts in public acceptance of and preference for existing political groups were actually in favor of the ruling government coalition. Whereas the list of groups which lost points includes, among others, the Union of Freedom.

[Syryjczyk] Our position is reasonably stable. We did not do too badly in the local self-government elections. And as for the government coalition, I will concede that the syndrome of the prime minister's popularity still persists at the moment. On the other hand, the ruling parties should not fall into excessive complacency. After the dozen or so months of eager anticipation, society is beginning to notice that, in reality, nothing new is happening at all. And no fundamental changes have taken place, either.

[GAZETA KRAKOWSKA] The PSL has reason to view the past year as extremely successful. Has it gained everything there was to gain?

[Pek] We must finally realize one thing: For the next 15 or 20 years it will not be possible to set up a stable coalition without the participation of the PSL. There are even certain circles within the Union of Freedom which are beginning to understand this.

As regards the setting up of the present coalition, it presented a difficult problem for us. This was because the national and Christian tendency is very strong in our party.

Concerning our range of power, the difficulty is that, despite the fact that we are credited with the number of voivodas who hail from the PSL, we nonetheless do not command those positions where the real power is concentrated, to mention only the state finance system or the media. On the other hand, I believe that we have indeed won this year as far as the electorate is concerned. What contributed to this victory? Judicious protection of the national interest and consistency in the attempt to bring it home to those in positions of power that they are accountable for their decisions.

As regards the future, if it turns out that "inside pressure" within the Union of Freedom is strong enough to make it ready to accept the idea of setting up a coalition with the SLD—and we know that the latter can be expected to agree to that because its economic interests place it in a much closer proximity to the Union of Freedom—then, following your implementation of the privatization scheme, the PSL would end up with such a victory in the next election that we would not even need to set up a coalition with anyone.

[Barczyk] The present parliament's term of office may last two years, and that would mean that we would have a parliamentary election on our hands concurrently with the presidential election. If the election takes place in the spring, then the National Assembly will attempt to present society with the project of a new constitution, which will be largely one-sided. It may even happen that the project will be rejected, or that the majority of the population will refuse to take part in the referendum. And that would be tantamount to a vote of no confidence in the current parliament.

[Syryjczyk] The fact that within the span of several years we have seen several political and government teams in power, and that the team currently in that position has been thoroughly reorganized, constitutes a stabilizing factor, because society has come to realize that there is not very much left that can be changed now. The acceptance of a realistic scale of the possible changes will mean that there will not be any particularly strong pressure. The All-Polish Trade Union Agreement provides the necessary protection, as does a proportion of the managerial cadre. On the other hand, certain destabilizing factors will enter the scene, too. For example, the fact that every power team begins to suffer from the fatigue syndrome after a while. And as for the constitution scenario, it is, in part, quite probable. However, I hold the fundamental belief that the present configuration has many chances of surviving for another three years. And all that time the Union of Freedom should be in opposition—even if the PSL-SLD relationship were to undergo some significant changes.

Consequences of Change in Ruling Coalition Viewed

WS1110132194 Warsaw RZECZPOSPOLITA in Polish 8-9 Oct 94 p 2

[Article by Ewa K. Czaczkowska: "Calm and Easy"]

[FBIS Translated Text] *The political and social meetings between leaders of the Democratic Left Alliance [SLD] and the Freedom Union [UW] are neither surprising nor unsettling for Waldemar Pawlak's allies. For the time being, the Polish Peasant Party [PSL] does not believe there exists a real possibility of changing alliances and for both groups to agree on one presidential candidate. "Even if a new coalition were formed within the next six months, before the presidential elections, or within two years, before the parliamentary elections, it would be to our benefit nonetheless," say PSL politicians.*

Reports on the increasingly frequent meetings between SLD and UW members, already referred to as the new directorate (after the Tuesday meetings of governing coalition leaders), are received calmly. PSL politicians are quick to point out that they have had enough time to get accustomed to the factual sympathies of the leaders of the alliance. The possibility of a shift in alliances, the laying of the groundwork by SLD for a political agreement with UW, was rumored even before the coalition agreement was signed. The fact that Kwasniewski was able to gather support for Bronislaw Geremek as candidate for the head of the Sejm Foreign Affairs Commission showed where the sympathies of the SLD leaders truly lie.

Not much has changed since a year ago, when there was no coalition to sweep away past divisions. "The UW will not give up its ethos for some time yet," they say. "In this situation, no party, UW and SLD included, is ready to undermine party unity without a guarantee of success in the presidential elections," the PSL goes on to say. In this situation, as Jozef Zych stated in a recent interview, although the PSL-SLD coalition is more formal than substantial, there is no alternative. Despite the fact that on economic issues SLD leaders are more likely to reach an agreement with the left wing of UW rather than with PSL, which has the support of the unionist fraction of SLD.

The "Warsaw camp" meets at Adam's: Kwasniewski, Siemiatkowski, Geremek, and Frasyniuk. They have the support of merely a dozen or so people. "It looks quite different from Warsaw," say local PSL activists.

Finally, proof for PSL that sympathies or even decisions made by the leaders without support at the grass-roots level are not enough, is the backing out of an agreement between SLD and UW on the issue of electing the mayor of Warsaw. "In PSL, there is no such major discordance between the leadership and lower-ranking members, as is the case in SLD," claims Janusz Dobrosz, parliamentary club spokesman.

For SLD politicians, meetings with the left wing of UW may, to some extent, compensate for coalition assemblies at which the prime minister, through his conduct—frequent late arrivals, silence, making decisions with disregard for the opinions of those gathered—sent them a clear message of what their rank in file really is.

The fact that SLD remains within an uncomfortable coalition agreement serves as an argument for supporters of two opposing theories. One claims that SLD is waiting to secure a stronger foothold before the cards are dealt. The other, that they do not have any alternative to the coalition.

Since, however, nothing is impossible in politics, PSL is considering other scenarios. If the SLD does reach an agreement with UW, breaks up the coalition, and forms a new government, it can be no sooner than in six months, that is just several months before the presidential elections. What then? PSL, which has gained experience over the year in government and which has numerous regional activists within local power structures, would go into opposition. Waldemar Pawlak is put forward as the contender for president. He makes it to the second round and, if his rival is Walesa, he wins with the votes of the leftist constituency. The same scenario, slightly modified, could apply if the possible alliance between SLD and a faction of UW would take shape between the presidential and parliamentary elections. It may turn out that it is impossible to form a new cabinet without PSL anyway. PSL has secured a lasting, strong position on the political scene. And Pawlak himself, as a joke within SLD has it, can be president at least as long as Cyrankiewicz.

In light of the above, PSL is very unlikely to announce the name of its presidential candidate before next spring. The eventuality that Pawlak will be the candidate cannot be ruled out, even if the government remains intact. PSL, determined by the possibility that SLD may change allies, will not hesitate to play its best card and put forth a candidate that is a sure winner and will go on to the second round. Only then, in exchange for withdrawing from further rivalry, can PSL be approached with a request to create a new cabinet. Only Pawlak can do this. Zych is less likely to do so.

Aide on Walesa's Attempts To Change System

LD1210103394 Warsaw Radio Warszawa Network in Polish 0800 GMT 12 Oct 94

[FBIS Translated Text] Professor Lech Falandysz, head of the President's Chancellery, claims that the president has been attempting to change the system in Poland by means of faits accomplis. During a meeting organized by the Club of Political Thought at the Ursus factory, Prof. Falandysz said that the president wants to have the possibility to hire and fire heads of four ministries: Internal Affairs, National Defense, Foreign Affairs, and Justice. Lech Walesa intends to introduce a presidential-cabinet model and is acting consciously on the fringe of the law, Falandysz stressed.

President Asked To Stop 'Destabilizing' Actions

LD1210101294 Warsaw Radio Warszawa Network in Polish 0900 GMT 12 Oct 94

[FBIS Translated Excerpt] At the beginning of today's session of the Sejm, deputies paid homage to the four deputies who were tragically killed in a car accident near Zakopane several days ago. Here is our reporter on Wiejska Street.

[Correspondent Krzysztof Grzesiowski] [passage omitted] The agenda was expanded with the draft of the Sejm's appeal to the president. It is a motion by the Union of Freedom. [passage omitted] As a result of the vote—269 for, 31 against, and 44 abstentions—the Sejm decided to expand its agenda with the appeal that reads:

Polish democracy is threatened. The president's actions, which infringe on the principle of the apolitical status of the Armed Forces and the independence of the National Radio and TV Broadcasting Council, are destabilizing the constitutional order. The Sejm expects the president of the Polish Republic, as guardian of the Constitution, to stop such actions that may lead to a crisis of the state.

That is all from the Sejm hall. Another report at 1100.

Prime Minister Outlines Investment Funds Scheme

MM1210091594 Katowice TRYBUNA SLASKA in Polish 3 Oct 94 p 1

[PAP-attributed report: "Why He Did Not Sign"]

[FBIS Translated Text] Warsaw—Prime Minister Waldemar Pawlak announced in a television appearance last Saturday that the National Investment Funds [NFI] Program will be launched soon, and explained the reasons for the delay in signing the so-called third-series list of enterprises that are to participate in the program.

According to the prime minister, there are doubts concerning the method of administering the assets accumulated in the funds, which are supposed to be entrusted in principle to foreign firms that would not bring in their own capital but would still gain the right to manage the funds' assets and, consequently, receive appropriate remuneration.

The prime minister rejected the recently voiced objection signaling a deterioration in the economic condition of the enterprises selected for participation in the NFI scheme. "It is a false accusation," Pawlak stated. In 1993, enterprises selected as qualified to participate in the NFI scheme sold production worth about 140 trillion zlotys [Z] and suffered net losses of some Z1.5 trillion. In 1994, the joint-stock ventures that have been prepared to enter the NFI scheme are already showing net gains.

Pawlak announced that the program will soon be submitted for discussion by the government and then signed after being endorsed by the Council of Ministers. The prime minister called Polish people to participate freely in the program. "Please remember that share certificates will appreciate far above their nominal value," the prime minister said, adding that it is not advisable to dispose of share certificates too soon.

Iliescu Views Domestic Issues, Foreign Ties

AU1110184994

[FBIS Editorial Report] Bucharest Radio Romania Network in Romanian at 0858 GMT on 11 October carries a live relay of the question-and-answer session of a news conference given by President Ion Iliescu.

The first question comes from Carmen Radulescu, the correspondent of Radio 21, who asks Iliescu to comment on a proposal made by Socialist Party of Labor Senator Adrian Paunescu, suggesting that parliament should adopt a principled position regarding the status of former King Mihai of Romania, and to confirm or deny rumors alleging that there has been dissent between Iliescu and Foreign Minister Teodor Melescanu regarding the former sovereign's latest attempted visit to the country. Iliescu replies saying that "I do not what Mr. Adrian Paunescu has in mind, but I believe that the status can be derived from the new constitutional order of Romania. Thus, it is a republic, and that is the only thing one can set out from. As a matter of fact, this issue is regulated very precisely. Someone said that the decree by which his citizenship was annulled should be repealed. Currently, there are no more central bodies in our country that grant citizenship. We simplified, decentralized such decisionmaking at the beginning of December 1990, and the persons who wished to acquire citizenship have not and do not encounter any difficulties in obtaining or reobtaining it. This is a problem pertaining to opportuneness, when the person in question is a personality, such as in the given case. Considering his current status as a foreign citizen, there should be no difficulty, in principle, in his obtaining an entry visa, but under certain conditions. Most of the countries that used to be monarchies tried to impose such preconditions. For over a century, France has not permitted the entrance of any representatives of its former royal house, and no one has questioned France's right to make such a decision or the democratic character of the French Republic. The Italian Republic, ever since the adoption of the republican constitution in 1947, has not allowed the entrance not only of the king, but also of other representatives of the royal house, and no one is challenging the right of the Italian state or the democratic nature of the Italian Republic. I will not cite further similar examples. So that's what it is all about when one has to judge the opportuneness of the presence of such a personality. As far as the dissent between myself and Mr. Melescanu is concerned, so far I have not learned anything about it. This is a groundless fabrication."

Answering the following question inquiring about the fate of a loan worth 25 million Swiss francs granted to Romania by Switzerland for the improvement of the health care system, Iliescu says that all foreign loans granted to the country by the group of 24 states are put into a "common basket" "from which various government programs are financed," and therefore it is not easy to trace the money.

After denying that recent government ordinances reorganizing the cultural institutions led to excessive centralization, Iliescu is asked to comment on his Strasbourg statement asserting that the daily EVENIMENTUL ZILEI is "an uncivilized paper," to which Iliescu replies enumerating "rules of journalists' ethics, that is, that truth ought to be observed, the news and pieces of information should be based on facts, without distorting things, without circulating non-truths, lies, as happens in the case of the EVENIMENTUL ZILEI and other papers—that is why their accreditation to Cotroceni Palace was withdrawn—and in their commentaries they should display a certain decency and more respect, a mutual respect that should be imposed in society, in relations among individuals or institutions, including the relations between the press and civil society, the press and the state, and so on."

Petre Mihai Bacanu of the opposition daily ROMANIA LIBERA begins his question by telling Iliescu: "Don't be afraid, Mr. President, I will not ask you anything about the monarchy," a remark that triggers the following altercation: Iliescu: "Why do you believe that I should be afraid of such a thing?" Bacanu: "I assumed." Iliescu: "Why did you assume, do you think I am easily frightened?" After which the obviously upset Bacanu asks why Iliescu "personally insists on the strengthening of Romania's economic relations with the Russian Federation" as this would mean that the country would become "economically dependent upon that region, with all its negative consequences." Iliescu replies by saying that the evolution of the situation in Russia is a matter closely watched by the entire world, as "it is a superpower, a great country, and any imbalances that could happen in that country would influence the balance of the whole region." "In connection with the furthering of our economic relations—who is not interested in strengthening relations with Russia? That does not lie solely in the interests of the neighboring countries in our geographic space. Let me tell you that Hungary, for instance, has relations with Russia 10 times larger than ours, and Hungary is Russia's first partner in this area, and Russia is the first partner of Hungary's, that is, everyone is interested in such relations. Furthermore, Germany regards Russia as its principal partner, the United States is making sustained efforts to further economic relations with Russia, China and Japan do so, and so on. Why should one not be interested in furthering relations with a country with such an economic potential, with such a great power of absorption in the future, as one of the largest and most interesting markets in the long run? We, who are situated here, in the neighborhood, and also have traditions, should we not be preoccupied by such things? Of course, a great deal depends on the conditions. You mentioned our economic subordination, our limited sovereignty, but the same questions may be raised in connection with our relations to any other country as well. Why should it be less harmful to our national interests if we were to become the slaves, the subordinates of any other economic power? We do not wish to make, from that point of view, any pro-West or pro-East, pro-Russia or pro-German or pro-U.S. policy or I don't know what." Bacanu then adds that Moldovan President "Snegur was also heading toward Romania and ended up in the arms of Moscow," to which Iliescu replies:

"That's correct. It is true. That's because he is unilaterally dependent on Russia. I would like to remind you that 40 percent of our economic relations are being done with countries of the Common Market, the European Union. That is, while continuing to make efforts to further our fundamental orientation toward the European and Euro-Atlantic space, as I have already said before, while developing our relations with the countries of Western Europe, the United States, and Japan, at the same time we cannot afford to ignore our close neighbors in the developing of such relations. However, it is a fact that we need to establish a certain balance in all these economic relations of ours, so that we should not become unilaterally dependent upon single sources or markets. That is true. And that should be the essential element in the conception of our strategy of our future economic relations."

After discussing, in reply to the journalists' questions, the role played in the economy by the banking system and the causes of high interest rates, the issue of the illegal granting of an apartment to the son of Senator Adrian Paunescu, efforts to further economic relations with the European Union, and the importance of southeast Asia and the Pacific "as the most dynamically developing area of the world economy," Iliescu is asked to state his opinion whether the recent incident at Otopeni airport, where the former Romanian sovereign was prevented from entering the country, will influence, in any way, Iliescu's upcoming visit to Great Britain. Iliescu replies saying that "I do not believe we should expect any repercussions, although I see insistent efforts are being made by the organizers of the symposium," who had invited King Mihai, "to determine the competent bodies of the British Government to adopt a stance regarding that issue. I believe there is more lucidity and realism in the way in which their political factors approach such issues in comparison with those of certain persons who are currently agitating."

After answering questions referring to the so-called mafia in the business of press dissemination, the issue of sparse food supplies in Bucharest, and Romania's role in the defeat of Nazi Germany, Iliescu is asked by Peter Mag, the correspondent of the Budapest daily NEPSZABADSAG, to comment on "the importance attributed by Romania to the Romanian-Hungarian friendship and cooperation treaty, within the system of Romanian-Hungarian relations." Mag also asks Iliescu to state his opinion regarding the "initiative of Mr. Funar, formulated yesterday at Cluj, regarding that treaty, which, in his opinion, should contain two special provisions. Please also state your point of view with respect to his plans to rearrange the entire central square of Cluj." Iliescu replies: "I am sorry, but I am not informed on this subject. Lately I am used to surprise questions being posed to me," after which he invites Mag to explain the facts underlying his question. The NEPSZABADSAG correspondent explains: "Mr. Funar suggested, as special provisions, that, one, Hungary should publicly apologize to Romania for having occupied northern Transylvania between 1940 and 1944, and, two, that they should pledge to pay damages to Romania and those Romanian citizens who suffered from atrocities committed by the Hungarian authorities." Iliescu replies: "I was unaware of that stance and those reservations, and I do not wish to comment on them. There is no official Romanian position based on such things, and I do not believe that our relations with Hungary can be approached in such a way. We are setting out from an existing reality consecrated by a peace treaty, which resolved, from the historic point of view, the fate of Transylvania, the territorial integrity of the two states, the situation of their frontiers, and so on. There is no need to come up with new elements that can only make things more complicated. In connection with the treaty, I believe that it would be beneficial if we could reach agreement regarding the basic treaty between the two countries, and we have always been open in this respect. As a matter of fact, in time we have managed to achieve a formulation accepted by both parties, and currently there are only two issues that are still disputed, namely the acknowledgment of the frontiers of the two states, and all kinds of other claims—you see, how such claims fuel each other?—claims referring to the situation of the Hungarian ethnic minority. You know our point of view regarding that issue very well. I believe that relations between two neighboring countries should not be conditioned upon the domestic policy of each of those states. Because if we proceed to do so—and you have just given a most recent example—this is where we end up. New pretexts will be found each time. We could also demand that Hungary should align to Romanian practice in its relations with the ethnic minorities. In Hungary, they do not have the same practice as we have in Romania. Should we turn that into a precondition? Should we say that we will maintain relations with Hungary provided the Romanians are represented in their parliament, provided they set up schools in the mother tongue, starting with primary schools, secondary schools, university, and so on, because there does not exist even primary education in the mother tongue? The sole discipline taught in Romanian at the sole Romanian school in Gyula is the Romanian language. That is the practice of the Hungarian state, and this issue pertains to the relations of each state with its own citizens. I also stated this at Poina Brasov. Of course, if one tries to find differences in the way such things are approached, all kinds of such preconditioning could appear. Nevertheless, I believe that it is not correct and it is not good to do so. That is, there are issues pertaining to relations among states, things that may be convened in the domain of human rights, including the rights of ethnic minorities. All of us have subscribed, including both our countries, to generally accepted norms, which—as it was justly pointed out at Poiana Brasov—are minimal conditions, because no maximal conditions can be imposed on states. Romanian practice cannot be imposed on other countries. You can count on your fingers the states where such problems crop up, but you will not find a single other state that grants its minorities the same rights we do. Does this mean that we should present it as a minimal precondition for the entire world? Therefore, considering this point of view, we should set out from certain fundamental values that both of us should observe, related to the democratization process and the regulation of our domestic relations, including those with our ethnic minorities, according to democratic principles and our alignment to generally accepted standards on the European plane, and, in that context, the interest for good neighborliness relations should prevail. As a matter of fact, in our practice, as I estimated, we can rank our relations with Hungary as one of the good ones. In the economic domain there are normal relations, on the political plane there are contacts, meetings, and talks. Culturally there are numerous contacts and active relations and even our armed forces entertain cooperation relations, we were the initiators of the Open Skies Agreement. Therefore we cannot assess that our current relations with Hungary are bad, but rather the contrary. However, doubtless the finalization of the basic treaty would be a political element, an important political signal for the strengthening of our good- neighborly relations and mutual confidence. We have been and are open to the finalization of the treaty, and we appreciated the opening and the more realistic way in which the current Hungarian government approaches this issue. This is why I expressed my optimism regarding the perspectives of the conclusion of the treaty."

Ukrainian 'Extremists' Operating in Romania

95P20005A Bucharest EVENIMENTUL ZILEI in Romanian 21 Sep 94 p 12

[Article by Radu Tudor: "Three Ukrainian Extremist Organizations Are Operating on Romanian Territory"]

[FBIS Translated Text]

"Svyatoslav's Nephews" Are Supporters of Physical Liquidation

The victory of pro-Moscow conservatives in the Ukrainian elections has unleashed an entire process aimed at blocking economic reform. Social tensions are increasing and ethnic and religious extremists are making a comeback.

Three well-organized Ukrainian extremist organizations are also operating in Romania. Called the "red-black organizations" of nationalist radicals, these groups have paramilitary organizational structures and activities. We are referring to "Ukrainian People's Self-Defense" (UNSO), "State Independence for Ukraine" (DSU), and "Svyatoslav's Nephews."

The majority of these organizations have as a goal ethnic cleansing under the slogan "Ukraine must be for Ukrainians, Russians and Romanians must go home."

The UNSO and the DSU operate, in particular, in the eastern part of Ukraine, mainly within the borders. On the other hand, "Svyatoslav's Nephews," which uses terror as a weapon, has taken upon itself the ethnic cleansing of Bucovina, with the slogan: "Bucovina will be Ukrainian or it will have no people at all." The organization fights according to the principles of the extreme right and claims to be continuing the ideas of the Ukrainian monarchists.

"Svyatoslav's Nephews" wants to have a monarch-hetman in charge of Ukraine. A parliament is out of the question. For this organization, the main state institution would be "Chorna Rada" (The Black Council). This Council would elect a "hetman," who will appoint "colonels" (heads of regions), "rotniks" (heads of districts and cities) and the "starosta" (the head of state). The organization has strong channels in Bucovina, and its members operate brazenly in Romania, in Suceava, Botosani and Maramures counties. Similar structures were also exposed in the Crimea. "Svyatoslav's Nephews" has a well-developed intelligence structure and the majority of its agents work in Romania under the cover of "merchants." The "Nephews" will first hunt for a target and then they will develop a plan of action. The most frequent one is physical liquidation.

Hand of the "Nephews" Is Seen in July 1994 Accident

As a result of detailed analysis, some tracks have been uncovered. In July 1994, a vehicle carrying Romanian tourists was involved in a serious traffic accident in Ukraine, close to the Romanian border. It was determined that the vehicle was forced off the road by a Lada Samara car, in an attempt to avoid a head-on collision. Four Romanian citizens died and the Ukrainian police investigations have gotten nowhere.

SRI Monitors Contraband in Radioactive Materials

95P20035A Bucharest EVENIMENTUL ZILEI in Romanian 2 Sep 94 p 1

[Article by Radu Stefan: "Romania Is Targeted by the Uranium Smugglers From Russia"]

[FBIS Translated Text] The Romanian Intelligence Service [SRI], along with other specialized government agencies, has been alerted to the smuggling of radioactive materials from the countries of the former Soviet Union to the West. Along with the former members of the Warsaw Pact, Romania is part of the channel of countries through which radioactive materials, in particular uranium and plutonium, as well as weapons, drugs, and other contraband materials, are smuggled. After the recent exposures of traffickers in radioactive materials in Germany, Russia, and Hungary, the Romanian intelligence services have been considering the possibility that such things might also be going on in Romania. There are some rings, for the most part under surveillance, which, so far, have not fired any big "guns." In most cases, the sender is in Russia and the recipient is in the West.

Specialists from the SRI and the Ministry of the Interior continue to give a lot of attention to the surveillance of all possible traffickers entering Romania. Businesses, in particular those with Russian and Ukrainian owners, that carry on undercover contraband activities are also being watched.

Karadzic Proposes 'Cessation of Hostilities'

AU1110215194 Belgrade BORBA in Serbo-Croatian 11 Oct 94 p 2

[Report by Slobodan Kostic: "UNPROFOR Must Go"]

[FBIS Translated Text] "We are now a lot closer to a decision on demanding that the UN Protection Forces [UNPROFOR] leave our country," President of the Srpska republic Radovan Karadzic said at the very beginning of his interview to BORBA, two days after the Bosnian Army incursion into the protected zone on Mount Igman. Karadzic told us this in Visegrad on 8 October where he, as a part of the Andric's Path literary convention, ceremonially unveiled a bust of the famous writer, emphasizing in the course of the interview that UNPROFOR's possible withdrawal has been discussed for some three to four weeks.

NATO Has No Right to Automatic Response

"We have been thinking about this especially after the latest NATO attack, on UNPROFOR's instruction," Karadzic says. "We are now even firmer in our belief that UNPROFOR should go. Namely, UNPROFOR has so far preserved the Muslims from a total defeat. Our most important institutions will soon hold sessions at which they will pass a decision on the possible withdrawal."

The incursion into Romanija [range of hills] has merely confirmed two notorious and dangerous facts. First, that the Muslims do not honor a single agreement and do not feel obliged to honor any. Second, that UNPROFOR cannot guarantee the fulfillment of these obligations. I believe that, in all this time, UNPROFOR has passed up its chances of bringing about the demilitarization of Sarajevo and restoring peace on other parts of the front.

[Kostic] What will the consequences of this decision be, if it is passed, for the Serbian side?

[Karadzic] The Serbs are not naive. They have had no benefit from UNPROFOR, only harm, in the sense that they have been stopping us and holding us back in any liberating campaign. There has been some benefit from UNPROFOR in mediation on the exchange of prisoners and in accompanying humanitarian convoys. Regarding the Srpska republic, they were completely superfluous and unnecessary. Of the 179 killed and more than 300 injured UNPROFOR soldiers, not a single case occurred on the territory of the Srpska republic. They all took place on the Muslim and Croatian territories.

[Kostic] Will any conflict then result in an automatic response by NATO, which has been discussed intensely recently?

[Karadzic] NATO has no right to an automatic response here. NATO is here in a role of a UN mercenary. For this reason, we do reproach NATO, but the United Nations, which is hiring the killer.

[Kostic] Will your attitude toward NATO change in the case of UNPROFOR's withdrawal?

[Karadzic] If UNPROFOR withdraws, NATO will not longer have any legitimacy to appear in our sky or participate in any actions against the Serbian positions.

Sadly, NATO is currently above us legitimately. This legitimacy is given to it by the United Nations. The United Nations does not treat us equally with the other two warring sides. It is placing us in isolation. It has voted sanctions against us, by which it has indirectly recognized us as a state, but fundamentally it is losing credibility because it does not treat all three sides in the conflict equally. If the United Nations leaves, NATO has no right to stretch over our borders because it was designed to be a defense alliance. In this case, we shall treat NATO as any other enemy of ours.

[Kostic] Will these latest events again suspend the agreement about the reopening of [Sarajevo] airport?

[Karadzic] We did not suspended it, because we have just opened the airport and without any special preconditions, too. This was a gesture of goodwill by the Serbian side toward Mr. Akashi and Mr. De Mello. This was a gesture of goodwill toward UNPROFOR generals from whom we expect full cooperation in avoiding any misunderstandings. We did not wish to close the airport that we have just opened. However, this option is always available to us.

[Kostic] Does this mean that humanitarian aid convoys will pass freely?

[Karadzic] Convoys will continue to pass until we decide otherwise. The only thing that will change is—the credibility of the United Nations. There is no longer any talk about the interposition of forces and guarantees of anything, because it is evident that UNPROFOR could not guarantee anything on Mt. Igman. UNPROFOR is only an obstacle here that is preventing the war from ending in the triumph of the Serbian side.

[Kostic] Do you sense any readiness of the international community to support your proposal for ending the war?

[Karadzic] The international community is not only divided, biased, and anti-Serbian oriented, but is also powerless to influence the Muslim forces to make any constructive steps. The United States, as well as numerous Muslims countries that are backing the Muslims and realizing their goals in Bosnia through the United States, would not allow all sides in the conflict to be treated equally. The best way to continue the war and fan it further is the way chosen by the international community—unequal treatment of the sides in the conflict. For this reason, I do not believe that any indications exist even though (in June) Akashi and the cochairmen [Owen and Stoltenberg] were ready to sign an agreement on the cessation of hostilities.

[Kostic] Does this mean that not even the present peace plan with even firmer international community guarantees about the possibility of a confederation with Serbia, which is being announced, gives any guarantees to you?

[Karadzic] Nothing that leaves us within Bosnia as a state offers any guarantees to us. We will not recognize Bosnia as a state. There is no way that somebody could make us do this. Bosnia can only be a European type of union and a special case—if they want to preserve the reputation of the international community.

Our Goal Is Unification With Serbia

[Kostic] Is there any situation in which you would renounce your statehood?

[Karadzic] Our goal is unification with Serbia. In this sense, we are willing to give up our own statehood. However, only in this case. Not in any single other case will we abandon the state that we have and in which our institutions function. I once compared this to a child who starts to walk after crawling. He would never again want to go back to crawling.

If they would not permit us unification into a unitary Serbia, a Serbia of regions, then we will retain our state identity and demand international and legal status. If we cannot gain a seat in the United Nations now, perhaps Yugoslavia could represent us.

Further Unification With the Republic of Serbian Krajina Underway

[Kostic] Then, for the Bosnian Serbs, is unification with the republic of Serbian Krajina topical as a sort of intermediary stage?

[Karadzic] The unification with the republic of Serbian Krajina is underway, although the blockade and a break in the payment operations are hindering us. However, a formal unification is not advisable. Croatia would use this as an excuse. Namely, Croatia has not means of bringing Krajina back under its sovereignty short of attacking it militarily. However, it cannot even do this because the entire world would condemn such an act. The only case in which the world would not condemn them would be if we gave them a valid reason, and we shall not give them the pleasure.

[Kostic] Have you had any contact whatsoever with President Milosevic since the introduction of the blockade against the Bosnian Serbs?

[Karadzic] Absolutely none.

[Kostic] One could hear that General Mladic has, in the meantime, nevertheless contacted the military leadership in Yugoslavia.

[Karadzic] There were no official contacts. Whether old friends had the opportunity to talk over the phone—I do not know. However, I know that there were no official contacts, neither in the military nor in the political sphere.

[Kostic] The leadership of the SPS [Serbian Socialist Party] interprets the disagreement with the Bosnian Serbs as an ideological conflict....

[Karadzic] Many lies about us are being spread in Serbia. In this way, a confusion is being created, specially regarding ideological and state views and differences surrounding Serbia and the Srpska republic. This is being put forward as the reason why we should not unite. First of all, we are not monarchists. In our party, which is a party of the democratic center, with a moderate left wing and a moderate right wing, there are also monarchists, however, the SDS [Serbian Democratic Party] is not a monarchist party. Currently, we are against raising this subject. Ten years after the unification of the Serbian state and the completion of all other tasks, I would not be opposed in the slightest to a referendum by which this would be decided. However, this is truly the last issue, the icing on the cake.

[Kostic] It has been argued that you are rehabilitating the chetniks, which will never be allowed in Serbia?

[Karadzic] Here, even the partisans are being rehabilitated into chetniks—their comrades against the Germans and the Ustashas from the beginning of World War II. We have merely responded positively to the lamentations of old people to wipe away the stigma of treason from them. We consider neither the partisans nor the chetniks in particular to be our ancestors, but all the fighters for the freedom of the Serbian nation and all the martyrs for the Serbian national and state cause.

We are not the right wing, especially not the extreme right wing. We are simply not socialists and reject socialism because it has made all nations upon which it was forced unfortunate. We favor democracy, a free society, and a market economy. This is our orientation. A great majority of parties in Serbia favor this, too. Finally, we do not believe that ideological differences can and should be an argument against unification. The opportunity for unification is the only one, and if it is passed up it will not repeat itself. For this reason, no individual among us has the right to decide whether we will unite or not. This issue should be decided in a referendum.

[Kostic] Does this mean that a conflict between the leadership of Serbia and the Srpska republic has an entirely different basis than it appears?

[Karadzic] I believe that somebody would like to salve his conscience with ideological rationalization. There is no ideological difference that would justify the alienation of the people on the left and right banks of the Drina River.

[Kostic] How much does the information blockade, which is, alongside all other measures, being implemented by Serbia against the Srpska republic, contribute to all these "misunderstandings"?

[Karadzic] The Srpska republic can no longer present its views to the people in Serbia. This is causing great harm to us and to the people in Serbia. We have not withdrawn a single program of Television Serbia, especially not the main newscast. We are playing the program of Television Serbia constantly on the second channel. We expect that Television Serbia will open itself to the Television of the Republic of Serbia in this respect, so that the people there could see how we live here.

[Box p 2]

We Should Ignore the Maps

[Kostic] In this situation, what is your concrete proposal for a possible end to the Bosnian war?

[Karadzic] We propose that the international community be immediately allowed to sign an agreement on the cessation of hostilities. This means to ignore the maps and the constitutional provisions for the time being and stop the war, immediately. The Serbian side has been condemned for the war, and we are now proposing to stop the war. Immediately. With the signing of an agreement on the cessation of hostilities, as proposed in the plan by Akashi and the United Nations. The cessation of hostilities would rule out not only the further spreading of the war, but further war in general. The war should stop. It is clear that we accept the cessation of hostilities without prejudicing the final political and territorial solution. We do not propose the end of the war because we are holding 70 percent of the Bosnia-Herzegovina territory. The cessation of hostilities will not decide about the territories. It is political talks that can only take place in conditions of peace that will decide about territories.

Comments on Serb, Muslim Airports

LD1210110594 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1630 GMT 11 Oct 94

[FBIS Translated Excerpt] In a statement for Sarajevo Serb Radio and Television last night, Radovan Karadzic, president of the Srpska republic, condemned the crime committed by the Muslims in the Igman demilitarized zone. [passage omitted]

Karadzic said that Sarajevo airport is Serb territory and it is most likely that the center of Serb Sarajevo will be built there. It is planned to build an airport for the Srpska republic in Glasinac near Sokolac; the Muslims have already built an airport in Visoko to serve their part of former Bosnia-Herzegovina, the president of the Srpska republic explained. [passage omitted]

Sarajevo Airport Open Despite Shelling

AU1210100494 Paris AFP in English 0948 GMT 12 Oct 94

[FBIS Transcribed Excerpt] Sarajevo, Oct 12 (AFP)—A shell slammed into the grounds of Sarajevo airport but UN military officials decided against another airport shutdown to keep badly needed food supplies coming in, a UN spokesman said Wednesday [12 October].

Claire Grimes, spokesman for the UN Protection Force, said the shell caused no damage or casualties when it fell late Tuesday afternoon, hitting neither the runway nor any buildings.

UN forces decided to keep the airport open after the incident since several dozen airplanes loaded with humanitarian aid were scheduled to arrive Wednesday.

"We don't know yet where it (the shell) came from or its caliber," Grimes said. [passage omitted]

Serbs Issue Ultimatum for Mt Igman Withdrawal

AU1110192294 Paris AFP in English 1856 GMT 11 Oct 94

[FBIS Transcribed Excerpt] Sarajevo, Oct 11 (AFP)—Bosnian Serb forces demanded that Moslem-led government troops withdraw fully from Mount Igman within 10 days or face attacks to force them out, a senior UN official said Tuesday [11 October].

The anonymous official said the ultimatum to quit the demilitarised zone above Sarajevo by October 21 or face an offensive was issued Monday afternoon during a stormy meeting between UN Protection Force (UNPROFOR) Bosnia commander General Michael Rose and his Bosnian Serb counterpart Ratko Mladic.

Mladic also demanded that the Bosnian government army renounce all territorial gains secured since a cease-fire accord signed in February.

In addition, he called for a renegotiation of the June 1992 accord under which his forces ceded control of Sarajevo airport to UN peacekeepers, the official added.

The official said the talks "did not go well," and that UNPROFOR civilian affairs head Sergio Veira de Mello was now obliged to go to the Bosnian Serb stronghold of Pale Wednesday to mend fences and discuss the status of the airport.

Rose's spokesman had said Tuesday morning that the meeting had been very fruitful, without elaborating.

Meanwhile UNPROFOR spokesman Herve Gourmelon denied that a Serb "ultimatum" had been issued.

"During the first five minutes (the Bosnian Serbs) did threaten to go on the offensive on Mount Igman, but after that everyone agreed to allow ten days for the evacuation" of Moslem forces, he said. [passage omitted]

Serbs Carry Out 'Ethnic Cleansing' Near Rogatica

AU1110125694 Paris AFP in English 1233 GMT 11 Oct 94

[Report by Jon Boyle]

[FBIS Transcribed Text] Sarajevo, Oct 11 (AFP)—Bosnian Serbs drove 21 Moslems out of eastern Bosnia in an ethnic cleansing operation carried out shortly after the two sides had exchanged 20 prisoners, aid officials said Tuesday [11 October].

The Moslems were rounded up from the village of Burati near the Serb-held eastern town of Rogatica late on Monday and forced across Sarajevo's Bridge of Brotherhood and Unity.

Earlier, 10 Moslem prisoners of war had crossed the same bridge as 10 Serbs were released simultaneously by the Bosnian authorities in the besieged eastern Moslem enclave of Gorazde, an aid official said.

The expulsions were a repeat of an incident last Wednesday, when the Serbs ordered 120 Moslems from their homes in eastern Bosnian villages and forced them across the same bridge, only hours before 295 Moslem and Serbs prisoners were released there in the biggest prisoner swap in seven months.

Kris Janowski, spokesman for the UH High Commissioner for Refugees, said "these people were told last night that they were expected to leave.

"We believe that particular village has no more Moslems. The entire Rogatica area has a few hundred Moslems left."

Before the war about 12,000 Moslems lived in the Rogatica area, said Janowski. They accounted for 60 percent of the area's population.

Luc Streit, spokesman for the International Committee of the Red Cross, said the exchange of 20 prisoners Monday completed an October 1 airport agreement between the Bosnian Government and rebel Serbs covering medical evacuations from Gorazde, the arrival of nine UNHCR food convoys and the release of the 295 prisoners last Wednesday.

Janowski said the Serbs had refused clearance for a tenth food convoy into Gorazde which fell outside the airport agreement signed 10 days ago.

Separately, 24 patients and eight relatives were expected in Sarajevo around noon Tuesday in a medical evacuation from the Srebrenica eastern enclave, Janowski said.

Meanwhile, a food convoy carrying some 106 tonnes of wheat flour was due in the Bosnian capital Tuesday, although the Serbs had turned down a request to bring in plastic sheeting, shoes and boots needed for its winter aid programme, he added.

Some 21 UNHCR flights were scheduled at Sarajevo airport Tuesday, with 10 UN Protection Force and two Red Cross flights planned.

Serb Attacks on Tesanj, Teslic, Doboj Reported

AU1110210394

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1800 GMT on 11 October carries in its regular 28-minute newscast several reports chronicling the escalation of combat activity in the republic.

Correspondent Mirudin Aldobasic reports from the 7-South Operative Group Information Service on the situation in Tesanj and says that "on the Tesanj, Teslic, and Doboj fronts the situation is reaching boiling point. The chetniks from Mount Ozren and [word indistinct] Teslic extremists are attacking in waves. The aggressor is also using heavy weapons to destroy villages in the Bosna and Usora River valleys. The Doboj-Teslic road has also not been spared. The joint units of the 7-South Operative Group are nevertheless resisting all of the chetnik attacks successfully. The defense lines are strong and stable."

Gracanica correspondent Izudin Durakovic reports that "since the early morning hours, enemy howitzers from [name indistinct], Skipovac, Talagica Bunar, and the region of Dobrovac have been shelling the center of Gracanica, injuring several civilians and inflicting immense material damage. The enemy artillery also targeted the defense lines on the Doboj front, and the villages of Klokotinica and Brijesnica."

The studio announcer reads a report on the latest situation in Bihac and says that "the chetnik attacks on the free parts of the Bihac Municipality resumed in the afternoon. They were particularly fierce in the Bosanska Krupa area, while an enemy column of 50 motor vehicles was sighted on the Bosanska Otoka front. Fierce artillery fire preceded the attempts at infantry attacks on the 5th Corps defense lines. The chetniks fired howitzer shells at residential areas in Buzim and Bosanska Otoka, thereby seriously injuring two people. Attacks at Bihac escalated in the afternoon, while the defense lines on the Grmusko-Srbljanski plateau are under constant enemy fire."

An unidentified correspondent from Olovo reports that "throughout the day, the aggressor on the Olovo front directed fierce small arms and antiaircraft fire at the entire defense line. He also fired rifle grenades. Using 60-mm mortars from (?Paklenik) he shelled the region of Lis, [words indistinct] a Bofors to shell the region of Rudine. Our troops did not suffer any consequences."

Enes Hasanovic reports from Zvornik and says that "using artillery, the enemy sporadically shelled the Zvornik free territory. Several shells were fired from (?Bijela Zena) at residential areas in Kuvazovici. Enemy infantry and antiaircraft provocations were reported on the forward front lines, and in (?Zaprug), Kraljevici, and Kodulici. There were no casualties."

The studio announcer cites a report by the 1st Corps Information Service and says that "the aggressor today opened small arms' fire at a UN plane. A sniper firing from Miroslav Krleza Street injured two of our citizens in the Dobrinja I district. A more frequent passage of military vehicles was reported on the Trebevic-Lukavica-Vojkovici route. In the theater of operations controlled by the Visoko brigades, the enemy used infantry weapons to target our positions in Zege. The enemy targeted our defense on Brdo and Borak from their strongholds on Stijena and Crkvice, while four self-propelled Praga antiaircraft gun shells were fired at Kula Banjra and Kopaci. Since early this morning, the enemy has been attacking the free parts of Mt. Cemer. However, the 2,100 shells that landed on our defense lines did not discourage our troops. The positions on (Mt. Mosevica) are stable, while the enemy suffered significant losses in manpower."

Four Killed, 'Dozens' Wounded in Tesanj Shelling

AU1110163694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 11 Oct 94

[FBIS Translated Text] The consequence of today's shelling of Tesanj are four killed and dozens of seriously and lightly injured. Several dozen heavy shells landed on Tesanj, and in addition to the human casualties, the material damage is immense.

Attacks on the Bihac municipality continued this morning. All the defense lines of the Bosnia-Herzegovina Army 5th Corps came under intense artillery fire, while Bihac and its suburbs were also shelled. Hundreds of shells landed on the Grmusko-Srbljanski plateau and the Bosanska Otoka front. According to the latest report from Bihac, the aggressor's activity became less intense toward the afternoon. Several civilians, some of them children, were wounded.

This morning the aggressor used mortars to shell some of the Gorazde defense lines. He used snipers and antiaircraft machine guns against Vitkovici, while an M-84 machine gun was used against [name indistinct].

Army Responds to Maglaj Attack, Destroys Bunker

AU1210095294

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0900 GMT on 12 October carries several reports on the combat situation in the republic over the last 24 hours.

Reporting from the 4th Corps Information Service, Mirsad (?Supar) says that "two women were killed and two elderly civilians wounded in yesterday's shelling of the Bijelo Polje area, which was hit by more than 500 shells of all calibers. Toward the end of the day, the enemy's artillery also intensively pounded the Bjelimice region."

According to an unidentified reporter from the Press Center of the Bosna Operations Group, Karadzic's order to attack and kill civilians, which was issued via Pale [word indistinct] Radio and Television, was confirmed in Maglaj and Zavidovici again yesterday. "At about 1500, powerful tank, howitzer, gun, and 120-mm mortar projectiles suddenly and without any reason started to pound Maglaj town center. The response by our units was fierce. One chetnik bunker with all of its occupants was destroyed. At the same time the town of Zavidovici was hit by two howitzer shells fired from the direction of the chetnik strongholds on Mt. Ozren."

A correspondent from the Press Center of the 1st Glorious Olovo Hill Brigade reports that the "aggressor fired infantry and antiaircraft weapons on the defense lines on the Olovo front overnight and this morning." According to him, "there were no casualties."

According to the studio announcer, citing a report from the 1st Corps, "shortly after midnight, an aggressor's helicopter was seen flying between Srednje, Vucja Luka, and Sokoloc."

Electricity Situation 'Bad' Despite Repairs

AU1210105694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 12 Oct 94

[FBIS Translated Text] According to the Public Relations Service of the Bosnia-Herzegovina Electricity Authorities, the electricity situation on the free territory of the republic is bad.

Owing to the lack of water, the Jablanica hydroelectric power station has almost completely stopped working. The Kakanj power station has only a small amount of very poor quality coal. Early this morning, the electricity system collapsed owing to a sudden drop in production in the Tuzla power station and the Kakanj power station being disconnected from the grid.

The Rama hydroelectric power station has not resumed operations. The station is expected to be connected to the grid in the course of the day. However, the output of this power station will not significantly improve the electricity situation, because the electricity generated there will be used for the needs of central Bosnia and western Herzegovina. These regions have been receiving power from the Republic of Croatia up to now.

Here is an update: The collapse of the electricity system has now been mended. This means that the current plan of reduced consumption remains in force.

The Information Service of the Water Authorities reports that there has been no change in the supply of water to Sarajevo. This morning, water was supplied to Velesici, Donji Pofalici, the Medical Center, the residential areas on the left bank of the Miljacka in the Stari Grad district, the districts around the Zrak enterprise, Buca Potok, and the central part of the city.

The residents of Logavina Street, Dobrinja, and the districts above the Mojmilo-Aneks bypass will receive water this afternoon.

Serbs Control, Hinder Supply of Gas to Sarajevo

AU1110211094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 11 Oct 94

[FBIS Translated Text] The supplying of Sarajevo with water and gas remains difficult. The Waterworks Information Service reports that the amount of water from the Bacevo Spring and Jahorina Springs is smaller in comparison to yesterday, so that insufficient water has accumulated in the reservoirs. Nevertheless, this morning water was supplied to Kosevsko Brdo, Ciglane, the Clinical Center, and Dolac Street. The citizens residing in the part of the city from the Stup juncture to Marin Dvor, and Cekalusa Street will receive water in the afternoon.

According to information from Sarajevogas, disclosed at today's meeting with the representatives of the Stari Grad municipality, an optimal quantity of gas is reaching the city via the pipeline from Hungary. However, out of the three directions—all under the aggressor's control—from which the city should be receiving gas, two are completely closed. The valves in Senizovac, which would supply the free part of the city via Vogosca and Mt. Hum, are closed. The other valve is located in Butive, and it would supply the city via Dogled and Buca Potok. The Ilidza-Kasindol Street—Alipasino Polje-Grbavica route is partially open, because the aggressor side is using it to satisfy its own needs and the needs of the population on the occupied areas of Ilidza and Grbavica. That is why only a small quantity of gas is reaching consumers in the free parts of Sarajevo. Two of the city municipalities—Stari Grad and Centar—have the most unfortunate geographical position in relation to the direction from which the gas is supplied to the city, and that is why they are receiving minimal quantities of gas almost exclusively late at night.

UN Postpones Sarajevo Relief Flights

AU1210111194 Paris AFP in English 1045 GMT 12 Oct 94

[FBIS Transcribed Excerpt] Sarajevo, Oct 12 (AFP)—Two shells slammed into the Sarajevo airport grounds and two planes were hit by small arms fire on Wednesday [12 October], prompting a postponement in relief flights to the stricken city, a UN spokesman said.

Lieutenant-Colonel Bernard Labarsouque, spokesman for the UN Protection Force, said the two shells that hit the airport Tuesday afternoon did not cause any damage or casualties, and originated from a region controlled by the mainly Moslem Bosnian army.

"An analysis of the craters showed that without a doubt the mortar shells came from the Butmir region controlled by the Bosnian army," he said, adding that the UNPROFOR had protested the action before Bosnian aurthorities.

Labarsouque said one shell hit an area about a hundred meters (yards) from the runway and another landed near the airport. He said UNPROFOR flights into the city would resume Wednesday as soon as a thick fog lifts.

But the UN High Commissioner for Refugees postponed aid flights until at least midday, pending a decision from their Geneva headquarters on a possible suspension of the humanitarian airlift.

A high-ranking UN official who spoke on condition of anonymity said the shells were "certainly a reflection of the dissatisfaction of the local Bosnian commander at having his troops moved out of the demilitarized zone around Mount Igman." [passage omitted]

Martic Admits Police, Army Facing Fuel Shortages

AU1210110394 Belgrade BORBA in Serbo-Croatian 10 Oct 94 p 3

[Report by Srdjan Radulovic: "Milan Martic: 'I Will Not Allow Chaos in the Country'"]

[FBIS Translated Text] Knin—The autumn period on the Krajina political scene promises to be "hot," particularly if the announcements that there will be changes in the government at the next session come true. In that sense, the most popular prognostications in Knin are that the prime minister, Borislav Mikelic, with the help of the foreign minister, Milan Babic, will try to remove "Martic's men," Ilija Prijic and Rade Tanjga, who are in charge of the important ministries of internal affairs and defense, as well as the "rebel" information minister, Borivoje Rasuo.

Negotiations in Graz Without Echo

It is not impossible to imagine that the Krajina assembly might soon hold a session, as "Babic's men" are insisting, accusing its chairman Branko Vojnica—who is a Radical, by the way—of "willfulness." However, according to the other side, not holding the session is justified by the shortage of fuel to transport the deputies.

The political situation is being "burdened" by the latest belligerent statements by Croatian officials at the most recent Croatian Assembly session, and also by news about alleged Serbo-Croat negotiations in Graz about the status of Krajina. Still, there are no official party reactions, and there have also been no reactions to the statement by Grigoriy Karasin, representative of the Russian Ministry of the Interior, that Russia recognizes the territorial integrity of Croatia.

The people of Knin—already used to the local political rifts, and still astonished by the change in Belgrade's policy toward "her brothers west of the Drina"—keep raising their eyes to the sky and toward the Sremska Raca border crossing.

It is hard to find out what Krajina officials think about all this. Babic has been "busy at the moment" for days now, Drago Kovacevic, the mayor of Knin and member of the Main Committee of the Serbian Democratic Party for Krajina, "has pressing business to attend to," Mikelic is not in Knin, and so on.

Inter-Serbian Conflicts and Zagreb's Threats

"I am like a social worker. Directors of companies, hospitals, and schools keep calling me, asking for fuel. A 16-year-old boy recently died because we could not find the fuel to transport him to Banja Luka. The railroad and road traffic has ground to a halt, and the army and police also have problems with fuel," Krajina President Martic said at the start of his interview with BORBA and VREME reporters, adding that he had received a promise that fuel tankers, which are only in transit through the FRY [Federal Republic of Yugoslavia], by the way, would be allowed through.

As for the causes of the inter-Serbian conflicts and their consequences for the Krajina political scene, Martic claims that "the clash between Belgrade and Pale is the cause of it all," that is, the pressure on Knin to take the side of Belgrade in this clash.

"Unfortunately, the impression is that some members of the government are following the maxim: the worse, the better. It seems that someone is trying to take control of the army and police. I am committed to the strengthening of defense, for a legal state, for the revitalization of the economy, and good relations with Serbia, Montenegro, and the Srpska republic, regardless of whether people like me or not. That is why I will not allow chaos in the country, even if that means I have to use measures to which I am entitled as president," Martic said.

Never Again in Croatia

"No negotiator can endanger our interests, or sign anything that would be to the detriment of the republic of Serbian Krajina, just as no negotiator can work independently on the behalf of Krajina without the assembly's seal of approval. No kind of autonomy or federation can be discussed. The people have to decide in a referendum about their status. I will accept whatever the people decide, but my wish is to see a united Serbian state, while my personal view is: never again with Croatia. This, however, does not mean that Krajina is against negotiations. We are for phased negotiations, as has been agreed. Croatia wants a quick solution to the political relations, accusing us of being against the negotiations on economic issues, so we get these ridiculous moves by the Geneva Conference cochairmen, trying to convince us to continue negotiations, even though we agreed to this a long time ago," Martic said, adding that cochairmen assistants Kai Aide and Gert Aarens had denied that a (mini) contact group was working on a global plan for the solution of the Krajina-Croatian relations.

He declined to comment on Mikelic's and Babic's behavior, or on his own attitude toward them. However, that is in Knin one of the most discussed topics, apart from the everyday problems. "Martic's men" cynically talk about Babic's "return to Milosevic's arms," because of his recent support for Mikelic, and his talks with the Serbian president. "Babic's men," on the other hand, say that Babic "will easily get rid of Mikelic," not forgetting Belgrade's preelection support for Martic. The government's and assembly's future moves are anticipated. The general impression is that there is no more room for political "cease-fires," as happened earlier in cases such as this one.

Granic Statement on Return From Gulf States

LD1110193394 Zagreb HTV Television in Serbo-Croatian 1830 GMT 11 Oct 94

[FBIS Translated Text] Less than half an hour ago, the Croatian delegation returned to Zagreb. Here is what

Mate Granic, deputy prime minister and foreign minister, told journalists at the airport.

[Begin Granic recording] We established diplomatic ties with Kuwait, signed an economic agreement with the United Arab Emirates [UAE], and agreed on two more contracts for the protection of investment and prevention of double taxation. An agreement on the establishment of diplomatic ties with Oman is under way. During the next visit to Saudi Arabia, we will establish diplomatic ties with that country as well.

We were given full support for our stances on the reintegration of the occupied areas and for our support for the Washington agreement, especially the setting up of the federation [in Bosnia]. Our views on this issue were completely identical.

Of course, we also discussed the situation in the Gulf. We gave our full support to the territorial integrity of all states and, at the moment, to Kuwait in particular. We will establish diplomatic ties with all six countries of the Gulf Cooperation Council. We agreed that the amir of Kuwait and the president of the UAE will visit Croatia at the invitation of President Tudjman.

As far as talks on economic issues are concerned, the door to cooperation is open for our firms. Mont Montaza, Djuro Djakovic, and Croatia Line can expect particularly important business deals. Ingra is already active there. We also discussed humanitarian aid and agreed to have it increased, especially the purchase of medicines and food in the Republic of Croatia. [sentence as heard] A delegation of these countries will visit the Republic of Croatia soon. We also agreed to launch cooperation between the ministries of health. This is a brief summary of our talks. [end recording]

VJESNIK Interview With Germany's Kinkel

AU0610181094 Zagreb VJESNIK in Serbo-Croatian 3 Oct 94 p 7

["Exclusive" commentary for VJESNIK by German Foreign Minister Klaus Kinkel: "Germany—Croatia's Reliable Partner"]

[FBIS Translated Text] The dramatic months from the time of the fall of the Berlin Wall in November 1989 to the unification of our country on 3 October 1990 constitute for us Germans an unforgettable and significant period. For 40 years Germany had been at the center of the Cold War, and the gap that divided the world into two enemy camps ran through our country. For decades we lived with a feeling of being separated, and with the knowledge that in the case of a military escalation of the East-West conflict, Germany would inevitably be the frontline in, most likely, a nuclear war.

The German revolution in the autumn of 1989 marked the end of an era. The peaceful turnabout brought Germany unity and freedom.

On the Day of German Unity, the challenges were overwhelming: After a 40-year dictatorship, democratic political and administrative structures had to be organized in the new federal laender. We needed to reorganize and redirect industry—which until then had functioned on the principle of a planned economy and produced goods regardless of demand, cost, and ecological interests—to new products and markets. The past four years have been marked by immense financial and individual efforts, and it is our countrymen in east Germany in particular who have made an awesome contribution. Today we can conclude that despite the issues that still need to be resolved, things are moving forward. Today, four years after unification, Germany is the region with the largest economic growth in Europe.

Towards Unity in Agreement With Neighbors

Regarding foreign policy, Germany's position has also fundamentally changed in a short time: The global confrontation, rooted in the conflict over divided Germany, has ended. We live in an incomparably safer world. For the first time in history, Germany has achieved unity not against the will of its neighbors and partners but in agreement with them. United Germany is not in conflict with any of its neighbors, and has friendly and close relations with all of them. In light of the historical experience, this has probably been the greatest gift that Germany could have hoped for during the 1990 unification process.

Germany's unification in peace and freedom, in agreement with all its neighbors, is a result of a long-term foreign policy that followed clear objectives. The cornerstones of this policy were:

1. An unconditional readiness politically and economically to integrate Germany into a united Europe. At the same time, the option to take a separate national path was definitely abandoned.

2. Decisive adherence to NATO. Since NATO was founded, its policy has always been clear and predictable. The Alliance has maintained a firm stand toward threats and intimidation, yet it offered its former opponent cooperation and friendship as soon as this was possible.

3. Constructive engagement in the United Nations, on development policy, dialogue between the north and the West, global environmental protection, and the protection of human rights. Thus, over the decades, Germany has succeeded in gaining international trust as a partner in solving humanity's global problems.

This long-term policy, founded on predictability, did not bring Germany only unity in peace and freedom. It will in the future continue to be the mainstream policy of a sovereign and expanded Germany. The past decades' experience proves that this policy best serves Germany's interests. Security and prosperity are today no longer an unrewarding game. On the contrary: Everyone is rewarded on the basis of someone else's security and economic development. We Germans have a direct interest in seeing our new neighbors and partners in the East develop democratically and achieve economic success. This is the fundamental prerequisite for stability and lasting peace throughout Europe.

Engaged in Former Yugoslavia

These thoughts are also worthwhile regarding Croat-German relations. The German Government is supporting the growing trade between Croatia and Germany with export loans and guarantees amounting to 100 million German Marks [DM]. Along with Italy, Germany is the leading foreign investor in Croatia. Croatia is also welcome to comprehensive advice during the transition from socialism to a contemporary, Western-oriented economy.

Germany has lent Croatia help when it was in trouble; not only with the early recognition of its independence, but also by helping it surmount the political and humanitarian crisis that arose after independence was declared and which still has not been fully surmounted; Germany has taken in some 180,000 Croatian refugees. German cities and municipalities are giving around DM1.8 billion annually for their care. Germany has built shelters in Croatia for some 20,000 refugees.

Germany is also greatly involved in international efforts to find a political solution to the conflict in former Yugoslavia.

German ambassador Ahrens is investing an effort within the International Conference on the Former Yugoslavia in the reintegration of Croatian areas that are under Serbian control. Within the Contact Group, Germany is trying to find a solution for peace in Bosnia-Herzegovina, thus preventing the conflict in Bosnia-Herzegovina from spilling over into other parts of the former Yugoslavia. The EU observer mission in the states of former Yugoslavia contains 37 German members. The mission is currently headed by a German diplomat, Ambassador von Stuelpnagel. A particularly evident expression of German involvement are Hans Koschnik's efforts to set up—by heading the EU Administration for Mostar—an efficient administration for a city in which Croatian, Bosniak, and Serbian cultures intertwine. The Croatian Government, and particularly President Tudjman, support this project.

A democratic Croatia, open to its neighbors, will always have in Germany a reliable partner on whom it will be able to count in the future. The frequent contacts between Croatian and German politicians testify to this. Our involvement in the country is in line with Germany's efforts to conduct a constructive, stabilizing policy toward central and eastern Europe.

We Accept the Growing International Responsibility

At the same time we are aware that in an increasingly complex world the struggle against hunger and overpopulation outside Europe is becoming Germany's direct interest, which we share with our partners.

For us this means the following:

We shall continue to strive for the strengthening of European integration and the expansion of the European Union. This is the basis of stability and prosperity not only for us, but also for our partners.

We shall adhere to NATO, whose Partnership for Peace has created a concept which encompasses peace and security for us and for our former opponents. We shall accept our growing international responsibility not within the framework of a separate national approach, but by strengthening and constructing an international security system supported by the United Nations and the CSCE. We want a realistic, efficient multilateralism.

We remain a reliable and involved partner to the countries of the south despite the immense financial burden caused by the rebuilding of eastern Germany. Germany's foreign policy orientation remains unchanged even after unification and the fundamental changes of recent years. It makes our foreign policy clear and predictable. It corresponds to our country's fundamental interests and is based on an extensive consensus in internal policy. Today, the fourth year since unification, our partners know that the bases of German foreign policy are clear and indisputable.

Data on New Intelligence Service Official

94BA0427A Zagreb DANAS in Serbo-Croatian 20 Sep 94 pp 18-19

[Interview with Krunislav Olujic, director of the National Security Office, by Gordan Nuhanovic: "Croatian Hoover"]

[FBIS Translated Text] A surprise call from Brioni to Osijek, a few hours of conversation with President Tudjman, and then a quick return to the city on the Drava—this was the fateful "time out" in the summer vacation of Krunislav Olujic, at that time state attorney. He was quickly spotted sitting on the right side of Hrvoje Sarinic, director of the National Security Office, in the meeting of the Supreme Defense and National Security Council.

In the end, the increasingly talkative corridors hinted at undoubtedly the biggest autumn "transfer": Krunislav Olujic would take over the baton as coordinator of the Croatian intelligence services. Olujic's ironic response to the stories that even before any official announcement from the President's Office Sarinic was very "promptly" emptying his drawers and packing his bags at No. 22 Jurjevska Street was that this zeal of his predecessor was for him a good indicator of the kind of job that awaited him in his new post.

Nine months spent in the Palace of Justice were obviously a more than true test of this doctor of law from Osijek. At the time when he was replacing Stjepan Herceg in the post of state attorney, fellow lawyers discretely expressed their regrets to him, forecasting for him at the most "three months after he takes his first look into the safe." Olujic, frequently inclining towards the liberal maxim: "Everything open to public scrutiny," actually offered ready cooperation from the outset to those who until that time had been attacking the institution of the state attorney's office most frequently—the journalists.

Once he had removed from the agenda Herceg-Baksic's appeal against the acquittal of "Jastreb" ["Hawk"] and Paraga rendered by the military court in the first instance, Olujic "sold" to the public a nicely packaged product and did so at the right time. This was a media ploy whereby the new state attorney attempted to dispel the "specters of compromising moves" by his predecessors, whom the public had already pinned labels on after they had drawn up indictments against journalists or "enemies of the state." From the angle of the legal profession Olujic brought about the preconditions for that kind of thing at a moment when, as it was said, the "triumvirate broke up" or at least what remained of it after Herceg's departure. This was followed, first, by the resignation of Mirsad Baksic, military state attorney, delivered in an envelope, and then by the departure of Berislav Zivkovic, who headed the opstina state attorney's office, not long afterward.

Professionalism Above Politics

At that time Olujic liked to make public statements about the "demise of the political state attorney's office," about how "interventions from outside did not work" with him, emphasizing professionalism over any kind of politics. Nevertheless, Olujic remained a loyal member of the HDZ [Croatian Democratic Union], since this allowed him the cosmetic legislative amendment which became the text of the law immediately before those functions were taken up by Vladimir Seks. During his term (which is not yet over), Olujic did in fact spurn every petty political move. In the end, he was given credit for this, more or less publicly, even by traditional opponents of that state institution, from various opposition journalists and politicians, all the way to those "very zealous" defenders of human rights in Croatia. But he often befuddled them with his brilliant sophisms: "I hope that I will be the last state attorney appointed by the Croatian Sabor," which was aimed at the indubitable principle of freeing judicial officeholders from dependence on a political party. As a matter of fact, he was confident that during his term of office the supreme judicial body—the State Judicial Council—which was conceived as custodian of the personnel crossword puzzle in the courts and state attorney's office, would take on life. Nevertheless, Olujic was forced to seek his successor himself, which he says, is not easy at all under such circumstances. Aside from the fact that by all appearances he will not "oversee" the initial operation of the State Judicial Council, Olujic acknowledges that "he is leaving unfinished business behind." The Law on the State Attorney's Office has not been adopted, and what he fought for chivalrously when he was a deputy in the Sabor—reelection of judicial officeholders—has remained only in the domain of "fond wishes" of himself and those who share his views.

In early 1991, when reporters from the Belgrade daily BORBA referred to the then docent in the Osijek law school and member of the executive committee of the HDS [Croatian Democratic Party] in Osijek, as "the unarmed ideologue of the eastern part of Croatia," Krunislav Olujic was "only" the good spirit of the Osijek intellectual milieu. Those who attended his "circles" in the 1980's are consummate politicians today, Kruno Olujic recalls with a laugh. Today Kramaric, Glavas, Djapic,..., give nostalgic testimonials to that school of democracy, which was conducted secretly every evening beneath a large palm in the popular locale Bonus. Their spiritus agens, they say, was Krunislav Olujic, whose "swimming abilities" are evidenced by the fact that even when he went over to the shelter of the victorious party, he managed to do it elegantly, with no connotation of his being a chameleon. He did not weaken Kramaric's sponsorship, and although he became a member of Glavas's party, he did not begin to think in his political terms. "I am a centrist by birth, that is, I was the middle son," Olujic would say in jest, although, as he says, at the time when he was the district attorney in Osijek, he "slept for at least a hundred nights in a wet cellar during artillery bombardment," and went through the trial of sharpening his political views.

When in the choosing of a new director of the National Security Office his number was drawn, friends say that he had only one regret—on Friday afternoons he would no longer be able to "get out of" the wind in some Osijek bar-restaurant. All in all, Olujic never did give the impression of being a typical political figure. His political opponents would speak of him as a person completely devoted to the "national cause," but with a refined ear for political finesse, which is why they consider him someone worth talking to and a superb expert in "all the camps and clans."

The President's Jester?

Has Olujic, as a goodly portion of the political corridors have been muttering in recent days, become the president's jester? Or, on the other hand, a person whose political role will be to "repair" the holes in the top leadership? A calm Storm [a pun on Olujic's surname] likes to observe that in contacts with colleagues inside and outside the party what happens is the same thing that happened nine months ago, when he took over the helm of the State Attorney's Office: They express their regrets and try to talk him out of moving to Jurjevska Street. Most of them, Olujic says, make fun of his "naive enthusiasm," when in his interviews he has mentioned the two strongest trumps he would play in his post as chief of the State Attorney's Office—courage and professional competence. For those political realists the courage in Olujic's case lay in his taking up the post as head of the state attorney's organization and in tackling a whole series of pending indictments and trials with which his predecessors, he himself is deeply convinced, were winning political points. It turned out exactly the opposite—professionalism was victorious during Olujic's term of office. "Professionalism without doubt, but also a political atmosphere which is deviating more and more from any devotion to competence and ability," add those who do not have any great confidence in the "bright stars of success." Certainly Olujic himself is not relying on them either, since he is aware of the ballast of responsibility which awaits him when in the hierarchy of the intelligence and security services he takes over the function of unifying all five of those services in Croatia. As a lawyer, even now the prospects for legislating the field of national security are now opening up before him. That challenge, it should not be doubted, will be taken up by Krunislav Olujic, a man who is known for his enthusiasm and capacity for just such a challenge. Have the circumstances really matured for the arrival of a "Croatian Hoover"? Material organization, staffing, analysis...these after all are phrases which were tackled by Olujic's predecessors Manolic and Sarinic, each in his own way. Afterward, one gets the impression, both were to some extent politically spent when they left for the posts they accepted. But perhaps that will be just another incentive?

Military Holds Tactical Firing Exercises

LD1210114594 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 12 Oct 94

[FBIS Translated Text] The Croatian navy, air force, and air defense forces today began a tactical firing exercise, codenamed Poseidon 94, on [the Adriatic island of] Dugi Otok. The exercises are being watched by senior military and state officials, foreign military envoys, operational zone commanders, and Croatian army commanders.

Corps General Janko Bobetko, commander in chief of the Croatian army, is in charge of the exercise. He is being assisted by Admiral Sveto Letica, commander of the navy, and Major General Imre Agotic, commander of the air force and of the air defense forces.

This is the first exercise of this kind by the Croatian military and its goal is the carrying out of joint military operations by the navy, air force, and air defense forces against enemy ships, the protection of the movement of one's own forces, the dispatch of reinforcements by sea, and the providing of air support to the forces of the land army in actions on the central Dalmatian battlefield.

The Croatian navy will—by planned missile strikes—check and confirm the effectiveness of the new RBS-15 missile system. In addition, it will verify the capability of the crews of the missile and gun systems and of the naval commanders.

The Croatian air force and air defense forces will verify the capacity of their commands and participating formations in planning and in military operations. The state of readiness of air crews and land-based personnel will be checked.

The commander in chief of the Croatian army and the Defense Ministry will check current solutions and on the basis of the results will decide on further perfection of the training systems and the deployment of the Croatian army.

Kucan's 'Sudden Reconciliatory Tones' Noted

LD1210000094 Belgrade TANJUG in English 2233 GMT 11 Oct 94

[By Igor Saranovic]

[FBIS Transcribed Text] Ljubljana, Oct. 11 (TANJUG)-—Slovenian President Milan Kucan said in a special TV Ljubljana appearance late on Monday that the Serb people had never been the enemy of the Slovenes.

Commenting on Slovenia's intensified territorial disputes with Italy and Croatia, Kucan said the Serbs and Slovenes had clashed only over the "official policy of Belgrade."

Kucan, who was one of the chief protagonists of disintegration of the former Yugoslavia, has in the past few years blamed before the international public Serbia and the Serb people for all the ills and troubles in the Balkans.

Slovenia unilaterally seceded from the former Yugoslavia during a 10-day war in the summer of 1991.

Political sources in Ljubljana interpret Kucan's sudden reconciliatory tones for the Serbs as the first sign of caution due to the international community's increasingly realistic attitude towards the Yugoslav Federation of Serbia and Montenegro.

A turnabout of President Kucan, who has so far advocated Yugoslavia's isolation, presented not only Slovenia's economic but also political interest.

Kucan on this occasion ruled out any possibility of Slovenia's participation in the restoration of Yugoslavia as it was or creation of a union of the former Yugoslav Republics.

Kucan: Agreement on Borders With Croatia Needed

AU1110124194 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 11 Oct 94

[FBIS Translated Text] In his appearance on Slovene Television last night, President Milan Kucan among other things touched upon the latest problems in the relations between Slovenia and Croatia. He said we will have to come to an agreement with Croatia about the borders or resort to international arbitration. He also pointed out to the lack of coordination in all government bodies regarding Slovene foreign policy, and said institutions that would coordinate all the most important issues of Slovene policy should be created.

Prime Minister Interviewed on Foreign Policy

94BA0425A Ljubljana DELO in Slovene 17 Sep 94 pp 23-24

[Interview with Prime Minister Janez Drnovsek by Romana Dobnikar-Seruga in Ljubljana on 17 September: "Directly Into the European Union?"]

[FBIS Translated Text] *The prime minister on relations with Italy and Croatia, the need to diversify our foreign political relations, the possibilities of giving up on an associate membership agreement with the EU, Peterle's hypothetical departure from the position of foreign minister....*

[Dobnikar-Seruga] In connection with Slovenia's international position, optimists say that everything is OK, and that there is no reason for panic, but pessimists maintain that Slovenia's international position is substantially more difficult and more complicated than during the period after international recognition, and that we will still have to fight hard for our place in developed Europe. How do you view the situation?

[Drnovsek] The fact is that we are making progress, that we have done a lot in the last three years, and Slovenia's position in the world is more solid than it was, in the formal sense as well. On the other hand, the international situation is not improving, but rather deteriorating. From that standpoint our position appears more difficult than it was three years ago for those optimists who thought that after international recognition everything would come by itself. New difficulties appeared. The crisis in Bosnia-Herzegovina is lasting longer than we thought, which also has consequences for us. There are problems with Croatia and Italy. That means that Slovenia is not in a simple international position, especially since because of the problems with Italy it is raising the issue of its road into the EU again. Objectively, there seem to be more difficulties today than we expected in the euphoria of independence.

[Dobnikar-Seruga] Let's look at Slovene-Italian relations first. At this moment it is a dialogue between two deaf people, talks between states that cannot even find a common language—not literally, but in a metaphorical sense. If we judge by the document that we recently received from Rome, the positions of the two countries are completely different. How can we even continue negotiating?

[Drnovsek] Bilateral relations really are quite complicated at this time. In a way it is a dialogue between deaf people, since domestic politics always interferes with difficult international issues, and at this time that is quite prominent on the Italian side. There have obviously been changes in Italian politics, and greater influence by extremist forces; one of the aims in the program of that part of Italian politics is obviously more aggressiveness toward Slovenia and Croatia, especially on property issues, and—to be sure, outside the context of official Italian policy—the possibility of territorial claims against Slovenia and Croatia. The situation has not yet crystallized, and it is not clear whether that tendency will prevail or whether Italy will abide by the democratic traditions that we would expect from Italy. At the highest political level, both Berlusconi and Martino are appropriately diplomatic and constructive, but at the lower levels the more direct influence of extremist forces is dominant. That is why things are always so complicated.

It is now important to us what kind of position Italy will take in Brussels regarding our associate membership. The Italians have always said that they are not linking relations with the EU with bilateral relations between us, but in practice they have always exerted pressure in that direction, in order to show us that they can use a veto, and with that threat alone force us to make concessions. I think that now their pressure will be aimed at achieving some new concessions on the property of their emigrants before 5 October (the session of the EU Council of Ministers at which they are finally to discuss the European Commission's mandate for negotiations with Slovenia on associate membership—Dobnikar-Seruga's note). If they do not receive those concessions—and obviously they will not, since our policy is clear in that regard, and even rigid, I would say—then they will be in a quandary over what to say publicly in Brussels and over whether they will really exercise a veto or not. The use of the veto would mean a new escalation, a clear sign to the world that there is a serious problem, a potential crisis, and that would be associated with the domestic political situation in Italy, especially the neofascists. It will be interesting to see what Italy decides.

[Dobnikar-Seruga] At the end of the month you are supposed to meet with Berlusconi in Arcore near Milan. But what is the purpose of that meeting supposed to be? As you have said, a concrete agreement will obviously not be possible.

[Drnovsek] At the moment, it is not yet clear whether that meeting will take place. When Berlusconi invited me in Trieste, I accepted the invitation, of course. Italian politics at lower levels, however, portrayed the visit as the culmination of all the negotiations, at which Berlusconi and I would sign a declaration, which would naturally have to be the kind that would suit Italy. We do not care at all about a meeting for its own sake, and we do not intend to make concessions just to have it take place. If the meeting did take place, however, that would be a sign that things were developing constructively.

[Dobnikar-Seruga] On the basis of the information that you have, the letters that you have received from all the prime ministers of the EU members, what kind of outcome do you foresee for 5 October?

[Drnovsek] I am not ruling out the possibility that the Italians might conduct one more delaying maneuver, and try once again to postpone decision-making. If they won another postponement, we would probably be subjected to even greater pressure at this time. All the prime ministers and also other diplomatic representatives with whom we have had contacts recently are favorable toward Slovenia and are supporting us on joining the EU. They also do not have any reservations about Slovenia. Economically, they have a good assessment of us, we are relatively stable politically, democracy is working well in comparison with other countries in transition, and no one except the Italians has the slightest reservation about us.

[Dobnikar-Seruga] Unfortunately, that sort of support does not help us much if Europe insists on our settling our bilateral difficulties ourselves, without its mediation....

[Drnovsek] That is the other part of the contents of all the letters in which they have expressed hope that we will resolve our difficulties with the Italians. That is a natural reflex. They are displaying a positive attitude toward Slovenia, but they do not want to have a dispute within the EU, a formal veto, a blockade, something that would start to weaken the EU from within, which would cause them additional trouble. That is why they would rather see a happy ending to the story, if I can put it that way, with us somehow settling the difficulties with the Italians ourselves.

[Dobnikar-Seruga] It is probably also clear to us that the difficulties have to be settled. An agreement, however, is possible only with maximum respect for the interests of both sides. There is very little possibility of that at this time.

[Drnovsek] That is true. In politics and diplomacy, there should always be some sort of honorable outcome, in which everyone preserves his dignity and no one loses. If the Italians raised the problem, it is now difficult for them to admit defeat without having achieved anything. That is why they need something in order to get out of this situation. It is also extremely difficult for us to give them any sort of concession, however, since after all we are bound by the constitution and our laws, and since it would be a matter of giving in to pressure. If we look at history, all crises of this kind started that way: Whoever wanted to be sensible and constructive gave in, for example the Czechs and even the allies gave in to the Germans before World War II, and that kind of concession led step by step to a serious crisis, to war. We probably ought to warn the international community that something is happening in the Slovene-Italian case that is reminiscent of an unpleasant past. If there is a further escalation, our message will be even clearer. I think that Rome is also aware of this. I think, however, that the democratic majority in Italy does not yet accept such an image for Italy.

[Dobnikar-Seruga] Is internationalization then the best way for us to strengthen our negotiating position? Would it be productive, or might it have the opposite effect and radicalize the Italian positions even more?

[Drnovsek] That is exactly what I have been wondering in recent months. Some people, including the Italians themselves, are warning us that it is best if we do not create an uproar, saying that matters will be easier to resolve that way. Perhaps it would be true if both partners were prepared for that. We, however, have not been convinced that everyone on the other side wants that. On the other hand, that kind of internationalization is almost the only weapon available to us, even though we know that it is extremely difficult to resolve issues after they have escalated, when both sides are "set in concrete" on their positions. In that case, our admission to the EU would be stopped for some time. The decision has been difficult, but recently we have decided on much more internationalization, since there are several reasons to tell Europe and the world what is going on—also because the Italians have sent the international public one-sided information through their own channels, saying that the Slovenes do not want to accept European standards with respect to property and real estate, but they did not say that it had to do with their own special interests, and their "correction" of history. That is why I sent the prime ministers a special letter, and through other channels as well we are also announcing that Slovenia is prepared to coordinate its legislation in that field during the period before full EU membership, just like other new members.

[Dobnikar-Seruga] Has your government already discussed foreigners' actual right to real estate?

[Drnovsek] We have already discussed it several times. We adopted the position in principle that the government will propose to parliament that we start gradual coordination with European legislation.

[Dobnikar-Seruga] When?

[Drnovsek] That is still a matter for negotiation for us. In the first place, we do not want to open up domestic political debates too soon. In the second place, in our relations with the EU we are not yet at a stage in which we can even start to negotiate about this. We are negotiating it now with the Italians, who are trying to extort some specific interest of their own, but the EU is not requesting negotiations on that subject. That is why we are only expressing willingness to coordinate legislation in that area.

[Dobnikar-Seruga] The Italian demands are rather evasive. What do the Italians actually want? Just 300 or 400 houses? Prior purchase rights to real estate on territory that was under Italy at one time? Or just European legislation in that area?

[Drnovsek] The Italian demands have actually changed by now. At first they talked about some houses, saying that it would be a gesture of good will. In the next phase they said that that would not be enough, and that they wanted the Italian minority in our country, and also the refugees, to have the status of an indigenous minority and thus the same rights to purchase real estate as Slovene citizens. That has now become their basic demand, which—if we decided on it—would require an amendment to our constitution. Furthermore, we would be facing new issues; then someone else could also demand indigenous status with full rights, which could seriously complicate the domestic political and economic situation. Our answer is that we do not accept that, and that formally and legally those issues have been settled by the Osimo and Rome agreements. Perhaps it might be possible to take a look—at the level of lower-level negotiators—at whether, within the framework of the Rome agreements, instead of monetary compensation we could return something in the form of the houses that are still state-owned. If we wanted to be constructive, we could perhaps think along those lines. The issue of a prior purchase right is different, however; it would mean a precedent that would completely change the Osimo and Rome agreements and thereby raise that issue throughout the whole EU, with people saying that others can achieve that too. It is not just a Slovene-Italian issue at all. A whole series of issues will arise for Europe, for instance with respect to the Sudeten Germans in the Czech Republic, the Germans in Poland, and so forth. The solution of that problem between Slovenia and Italy will also influence all those other situations. It is becoming a serious European problem, even a problem in world politics. That is why U.S. policy is becoming more and more attentive to that issue, and we have made an effort to inform the United States of our positions.

[Dobnikar-Seruga] Some countries really are showing understanding for our difficulties. We still have to confront them ourselves.

[Drnovsek] That is political reality. Everyone looks out for his own interests. If the Germans or British or French determine in the end that they have more problems than benefits from this, they will avoid the kind of explicit support that we would sincerely expect. I tell foreign interlocutors that we have the impression that certain political circles in Italy perceived Yugoslavia as a stronger partner and signed agreements with it because they determined that they could not extract any more. Now, however, they think that big Italy can get more from little Slovenia, since it has numerous instruments, including the EU, and the possibility of exerting pressure. We believe that such behavior is not in the spirit of European democratic traditions, however.

[Dobnikar-Seruga] The third partner in that game is Croatia. We are essentially in the same boat. Are you and your Croatian counterparts informing each other about matters of common interest, and are you advising each other or even coordinating positions?

[Drnovsek] We are aware—and I think the Croats are too—that Italian interests in Croatia may even be considerably greater than in Slovenia, and that that may be an additional element for pressure on Croatia if Slovenia gives in. That is why we have made additional efforts to settle the unresolved issues in our relations with Zagreb. We have made considerable progress, but we have not finished. The problems are technically and politically extremely complicated, and associated with the domestic political situations in both countries. When we determined in July that we would not settle at one stroke a package of agreements on the border, Piran Bay, Ljubljanska Banka, and the Krsko nuclear power plant, and that the negotiations would have to continue, we came forward with a constitutional law that somewhat upset the Croats and possibly halted the positive trend in the negotiations. We are still in contact, however, and in the last two weeks I have spoken with Prime Minister Valentic on the phone several times. We also agreed on the joint payment of obligations from the Rome agreement. Since the Italians do not want us to pay, so that then they can say that we are not fulfilling our treaty obligations and that consequently the agreements are not being observed, we will probably forward the overdue obligations to an escrow account at a foreign bank as early as next week. We will inform the Italians and the international public about it.

[Dobnikar-Seruga] If we want to eliminate the problems with the Croats, Slovenia will obviously have to make more concessions on the issue of Ljubljanska Banka's debt to Croatian depositors, which is a very important issue for the Croats. How much could Slovenia offer?

[Drnovsek] The Croats have warned several times in the talks that the Ljubljanska Banka issue is just as important to them as the Piran Bay issue is to us. Croatian politicians simply do not dare to conclude any agreement, since they would be subjected to an avalanche of criticism from the domestic public for pulling up short without solving their main problem, since Slovenia owes the Croats something. For our part, it is difficult for us to accept the idea that we owe them something, but large amounts are involved. First of all it was a billion marks, and then in the negotiations the Croats proposed that they take half, and we take half of the debt. We were deadlocked on that. In the meantime, we offered to take over at most 300 million marks, as possibly an extreme option, since all the rest is claims by depositors who did not want to transfer their savings to other Croatian banks, and instead had more faith in Ljubljanska Banka and thereby in Slovenia. We are caught between the formal state of affairs and the fact that we essentially do not feel any obligation for that debt and the fact that it is a matter of long-term confidence in Slovene financial institutions and in Slovenia in general. At the beginning of 1990, the Ljubljanska Banka of that time irrationally established a Zagreb branch. That created the formal possibility that Croats could demand repayment of the obligations from Ljubljanska Banka and Slovenia. The foreign exchange that was collected there went elsewhere in Croatia or to Belgrade, however, and not for the needs of Slovenia and the Slovene economy. That is why we are demanding that this be resolved as part of the succession talks on the former Yugoslavia.

[Dobnikar-Seruga] A favorable settlement of this issue, however, would probably be a good investment in the future, in restoring trust, and in the future good image of Slovenia in Croatia, which for some time will still be a very attractive market for both our banks and our enterprises.

[Drnovsek] Exactly. Croatia has emphasized that several times, and we will also have to think seriously about that—specifically, whether it is not more important to have an agreement on using several hundred million marks over some period or compensation to settle the problem, and thus relax Slovene-Croatian relations as a whole. In that case the Croats would sign a property agreement, and it would probably be much easier to settle the issues of the border and Piran Bay, and mutual economic relations would go better. That is why in the end the profit would be much higher than the obligations undertaken. We left room to maneuver in the constitutional law so that the Ljubljanska Banka in Zagreb problem could be solved through a separate bilateral agreement.

[Dobnikar-Seruga] Do the problems with Croatia seem to you to be easier to solve than those with Italy?

[Drnovsek] Both problems are complicated and have a different logic. The problems with Croatia are also technically very complicated, and so far have been more difficult; we have spent more time and energy on them. The Italian problem, however, is becoming bigger and bigger now, and we are approaching some sort of threshold when it will be demonstrated whether it will become an even more difficult and more long-term problem than the Croatian one. If Italy continues its policy and tries to "extort" concessions at every subsequent step, then that is too high a price for an association agreement with the EU. Let me say, as I have already told several foreign statesmen, that we are starting to give serious study to the possibility of no longer seeking an EU associate membership agreement, and that in a few years, when we have strengthened our economic position even more, we will want to achieve full membership in the EU. It would be riskier to enter the EU that way, of course, but it would be self-confidently, with the assumption that Slovenia, because of its geographic location and the fact that of all the candidates it is the most capable of economic adaptation, is a natural partner for the EU.

[Dobnikar-Seruga] If Slovenia were less vulnerable, the most balanced foreign policy possible would be very useful for it. In fact, however, we are rather one-sided: If nothing else, we are economically tied to Germany, and our relations with otherwise important European or non-European capitals, for instance London and France, or possibly even close and friendly Switzerland, are less developed.

[Drnovsek] I have constantly urged that we not be tied too closely to a group of countries. We have to be aware that we are a little country and the European capitals have several new countries to deal with. Of course, they deal most with the problematic ones, and if you are a little country that is relatively successful, you are obviously not particularly interesting. Taking this fact into account, we are trying to do everything possible. We have extremely good political relations with Switzerland, which you mentioned; an agreement with it on a free trade zone will be relevant as soon as it becomes clear that the European Free Trade Association does not have any future. We are also trying with the UK, and the invitation that I received from John Major for a three-day official visit in November is a good sign of interest. It is somewhat more difficult with France, where our diplomacy has not succeeded in taking the right steps; but that does not mean that Paris is not a political partner of interest to us. I have asked the Foreign Ministry several times to make more of an effort in that area. Relations with the United States are good and quite intensive. On the other hand, the Americans, for instance, as well as others, are asking why it is so difficult to penetrate our market, and why they are encountering so many obstacles, complicated procedures and regulations, especially with respect to investment. We will put more emphasis on economic relations with the United States, and my talks in Reykjavik with Canadian Prime Minister Chretien were also along those lines. We are still concluding free trade agreements with Central European countries. Even Russia is interested in such an agreement. In short, we will try to spread out our economic relations, and reduce somewhat our dependence on the EU, which is by far our most important partner.

[Dobnikar-Seruga] You mentioned that Slovenia is a little country, inconspicuous in international relations. The following question arises: Should it present itself to the world as a "sui generis" case, or should it join a group of some other countries, perhaps ad hoc in individual cases, when that suits its interests? What is your position?

[Drnovsek] The question of Slovene inclusion in the Visegrad Group is particularly being raised. I have thought about that and also consulted with the prime ministers. Czech Prime Minister Klaus told me explicitly that in his opinion there was no point in joining that group, since even the Czech Republic itself wanted to distance itself from it. In his opinion, Slovenia is in the same position as the Czech Republic, and should not establish ties with slower countries. At times establishing ties with the Visegrad Group has seemed sensible because of the Americans, for whom it was easier to deal with those countries as a group. Just a short while ago, however, even the Americans told us that they did not see any particular point in it. At the U.S. State Department, we have been included so far in the group of East European countries, and after a reorganization into three groups, we will be in the same group as the Visegrad countries, and not in the Balkan or Yugoslav groups.

[Dobnikar-Seruga] The self-confident Klaus announced recently that in 1996 the Czech Republic will request full membership in the EU. As you told me, Slovenia, because of the Italian blockade, may think seriously about new alternatives to join the EU. What sort of timetable is possible? In other words, for political or economic reasons, are we even in a hurry to join the EU?

[Drnovsek] For economic reasons, the cooperation agreement signed with the EU last March completely suits us, since it is favorable to us, because it gives us considerable privileges in access to the European market for most of our products. We can live with that agreement for some time, without any economic harm at all. We viewed the associate membership agreement primarily as a political step toward full membership. If we were to give up on an associate membership agreement, we would probably also be candidates for full membership in 1996, even before the EU intergovernmental conference. Of course, we would have to take maximum advantage of those two years to strengthen our economy and maintain the necessary political stability.

[Dobnikar-Seruga] We have received the impression several times that your, or the government's, foreign policy positions are not fully identical with those of the Foreign Ministry.

[Drnovsek] There is always coordination within the government, sooner or later. The Foreign Ministry has to carry out the policy that the government specifies.

[Dobnikar-Seruga] We are thinking specifically of the difference between the note issued by the Foreign Ministry in August on the controversial dual citizenship, and the government's position on the same issue two weeks later. They are two completely different positions, but the Foreign Ministry is insisting that there was an "evolution" of positions....

[Drnovsek] It would be best if we were to say that it was an evolution of positions.

[Dobnikar-Seruga] If Peterle's announcement of leaving his position as foreign minister were to be fulfilled, to whom would he leave it?

[Drnovsek] It would be undiplomatic of a prime minister to reveal the name of an alternative foreign minister as long as the question is merely hypothetical.

Biographic Data on State Assembly Chairman

94BA0424B Trieste REPUBLIKA in Slovene 17 Sep 94 p 3

[Unattributed article]

[FBIS Translated Text] Jozef Skolc was born on 19 August 1960 in Breginje, where he also attended elementary school. He graduated from secondary school in Tolmin, and in 1979 enrolled at the Sociology, Political Science, and Journalism School in Ljubljana. He graduated with a degree in foreign policy, for which he also received the student Presern Prize.

At the end of 1984 he was hired by what was then the Republic Conference of the Socialist Youth Alliance of Slovenia [ZSMS], where he was the "minister" of youth labor campaigns. During the trial of the group of four in 1988, he was elected ZSMS president. In the first democratic elections, Skolc was elected as a delegate to the Sociopolitical Chamber of what was then the tricameral Slovene Assembly. At that time he unsuccessfully ran against France Bucar for Assembly president. In the latest elections he also won a seat as a deputy in the State Assembly, where he headed the LDS [Liberal Democratic Party] deputies' club the whole time.

Law on Political Parties, Campaigns Described

94BA0424A Trieste REPUBLIKA in Slovene 14 Sep 94 p 4

[Article by Matjaz Albreht: "The Establishment of a Party and Its Financing"]

[FBIS Translated Excerpt] *The Laws on Political Parties and Election Campaigns; a possibility that the laws will even apply to this year's local elections.* [passage omitted]

The essence of the Law on Parties, which replaces the former Law on Political Association, is the provisions on the establishment of a party and its financing. The law specifies that a party can be established by at least 1,000 members, whose signatures have to be certified by a notary public. The deputies, in fact, did not listen to the arguments of Tone Persak and Saso Lap, who tried to reduce the number of founding members of a party to 200 or at least 300 persons. Even in that case, Slovenia would have prescribed by far the largest number of founding members, since elsewhere a party can be established by 7-30 adults; only Croatia prescribes 100 individuals. The coalition deputies stood firm, and Slovenia thus remains a political rarity. The number of parties, now over 100, will probably be radically reduced by this administrative measure.

It is also very likely that there will be a reduction in the number of newspaper articles dealing with speculations about party donors. The law, in fact, prescribes that each year parties will have to submit to the State Assembly a financial report on their operations. In it, they will have to state the amount of funds and information on the enterprises that have sent contributions to the parties. Persak, to be sure, was of the opinion that parties do not need much money, and consequently proposed that the maximum contribution not exceed five times the average monthly wage of workers in Slovenia. Tone Anderlic, however, who is a member of an incomparably larger party than Persak, calculated that contributions could be three times as large, which amounts to approximately 1.3 million tolars. The deputies gladly acceded to the generous proposal.

Federal

UN Envoy Accuses Austria of 'Supporting' War

LD1210110694 Belgrade TANJUG in English 1050 GMT 12 Oct 94

[FBIS Transcribed Text] New York, Oct. 12 (TANJUG)—Yugoslav Ambassador to the United Nations Dragomir Djokic has accused Austria and Foreign Minister Alois Mock of supporting the war option in the former Yugoslavia.

In a letter to U.N. Secretary-General Butrus Butrus-Ghali, Djokic said Austria was in the forefront of countries which insist on dealing with the crisis in the former Yugoslavia by military means.

This policy is being pursued at a time when the international community is making every effort, with considerable success, for promoting the peace process, he said.

Djokic's letter was prompted by Mock's recent statement in the U.N. General Assembly, in which the Yugoslav ambassador said Mock had made a number of accusations and untruths about the Yugoslav Federation of Serbia and Montenegro.

This was only the latest in a series of attacks launched by Austria against Yugoslavia and the Serb people as a whole, Djokic said.

He dismissed as unfounded Mock's allegation that Yugoslavia is the aggressor in the neighboring former Yugoslav republics, because Yugoslavia has no troops outside its borders, which has been confirmed by the U.N. secretary-general in his reports.

Since the outbreak of the crisis in the region, Yugoslavia has been supporting all peace-making efforts made by the international community, he said.

Yugoslavia has supported the plans devised by the Portuguese diplomat Jose Cutileiro, the mediators Vance, Owen and Stoltenberg, and the latest plan of the five-nation "Contact Group" for Bosnia, he said.

This refutes Mock's allegation of Yugoslavia's involvement in the Bosnian civil war, he added.

On the other hand, Austria wholeheartedly encouraged and even directly assisted the violent seccesion of individual former Yugoslav republics, which has given rise to the present developments in the former Yugoslavia, said Djokic.

The premature recognition of former Yugoslav republics as independent states, spearheaded by Austria, triggered the disintegration process in the former Yugoslavia and the civil and inter-ethnic wars in Croatia and Bosnia-Herzegovina, he said.

Yugoslavia's contribution to the peace process has received international approval, he said.

He added that Yugoslavia would continue to work for a peaceful settlement of the conflict, on the basis of the right to self-determination guaranteed to all nations, including the Serbs.

Djokic reiterated Yugoslavia's position that the problem between Croatia and Serb Krajina should be dealt with in direct equality-based contacts between the Serb Krajina and Croatian Governments and in compliance with the Vance plan.

As different from this peaceful policy pursued by Yugoslavia, Austria is advocating the use of force and the war option, and assisting ethnic Albanian separatists in Serbia's southern province of Kosovo and Metohija, Djokic said.

Economy Seen Facing Crucial Test During October

95P20036A Belgrade BORBA in Serbo-Croatian 29 Sep 94 p 11

[Article by B. Stepanovic: "Stumbling Over Treasury Notes"]

[FBIS Translated Text] Since black market exchange rates for hard currency have reappeared and started moving up, people who earn their living by honest work have been haunted by dark premonitions that they may again be dragged into a desperate race against hyperinflation. They are not alone; bankers and business people also await "hot October" with apprehension, because most of them agree with the suggestion that the next month will mark a turning point: The economic program will either survive, or, God forbid, we will go on remembering it only as a pleasant episode and a brief pause within the permanent economic chaos.

If we make it through October with more or less difficulties, some actively involved economists believe, we can expect a more or less calm winter. "It is not impossible, but it will be very difficult to sail through," said one banker referring to the coming months. Here are the trials the economic program is facing or is about to face: a payment of some 20 or 30 million dinars in cash has just been made for wheat; at the beginning of October the 90-day treasury notes issued for wheat will mature; this will be followed by the fall harvest which is almost ready; then comes sugar beet financing. Furthermore, it was announced that beef raising will be financed with 95 million dinars in commercial notes, and the cooking oil industry is expected to apply for financial support.

The problem is that all of this is taking place within the same brief period and precisely at the time as cash should be withdrawn from circulation due to the black market rates. In addition, most of the government-sponsored firms, particularly the largest ones, do not stand a chance of paying off their debts, because they could not collect enough money, even if they were to sell all the merchandise they produce. On the other hand, labor protests and strike threats are occurring more and more frequently in the same, critically important companies. How this problem will be dealt with, according to the bankers who spoke with us, will be determined primarily by political considerations rather than the implementation of the program itself. Obviously, if the program were to be implemented strictly, only production would be financed and not spending. Bankers expect an additional shortage of liquid assets due to the treasury notes that have to be paid early in October. The issuance of gold coins did not help much either; only four or five thousand were sold. Local bankers, or at least those who spoke with us, are not ready to confirm the rumors that the surplus of cash flow and the appearance of black market rates for hard currency were caused by an influx of dinars from the republic of Srpska. They consider such rumors as just another type of political pressure, noting that "presently it is easy and even desirable to throw mud on Krajina, but even if they had those 100 million dinars that allegedly were 'injected' into the Federal Republic of Yugoslavia, they would not have been able to squeeze all that money from their system of payments and transfer it here."

The economic program is facing difficult problems, but they are not impossible to resolve.

Serbia

Opposition Urges Acceptance of Peace Plan

LD1110222694 Belgrade TANJUG in English 2151 GMT 11 Oct 94

[FBIS Transcribed Text] Belgrade, Oct. 11 (TANJUG)—Serbia's opposition party official said Tuesday that the Bosnian Serbs should not delay acceptance of the "Contact Group" plan as the Muslims would find this convenient.

Milan Komnenic of the Serbian Renewal Movement told a press conference in Belgrade that Bosnian Serb refusal of the Contact Group plan "provided Muslim killers, although inadvertently, with a cover for crimes like the one on Mt. Igman by saying the Serbs favored war."

Bosnian Muslims on Thursday massacred 17 Serb fighters and three nurses on Mt. Igman south of Sarajevo. The Muslim attackers came from a demilitarized zone controlled by the United Nations Protection Force.

Komnenic said his party, led by Vuk Draskovic, was appalled at the massacre of Serb soldiers and nurses on Mt. Igman. He said the international community ought to have responded more energetically to the massacre.

The Bosnian Serbs have failed to accept the Contact Group map of territorial division of Bosnia-Herzegovina because they said it failed to secure compactness of the Bosnian Serb territory, and left to the Muslim-Croat federation in Bosnia most of Bosnia's natural and economic resources.

Komnenic said that under the pretext of the Serb's refusal of peace, the Bosnian Muslims were carrying out "Arabization" of Bosnia-Herzegovina.

He said Arab countries' so-called humanitarian organizations especially stimulated installing fundamentalism in Bosnia-Herzegovina by sending relief aid to Muslims alone and making its sending conditional on strictest adherence to the Islamic laws as presented in Koran and Shari'ah.

He said Muslim television anchorman addressed viewers in Arabic, which has replaced English as obligatory language in schools.

Kosovo

Rugova on Right to Confederation With Albania

AU1110173294 Pristina KOSOVA DAILY REPORT No 460 in English 7 Oct 94

[FBIS Transcribed Text] During last week the question of Kosova drew the attention of international and American institutions, said in the beginning of his press conference Dr. Ibrahim Rugova, president of the Republic of Kosova. He hailed the hearing on Kosova organized by the Congressional Committee on Europe and the Middle East at the US Congress. The hearing was chaired by US Congressman, Engel, who had visited Kosova last year. "The hearing reflected a growing concern for the situation in Kosova. An end to repression and a just solution to the Kosova issue were suggested at the hearing. We are grateful to the U.S. Congress which was among the first in the world to raise its concern on the question of Kosova even during the 1980s," President Rugova said.

Further, President Rugova hailed the content of speeches delivered by the foreign ministers of France, Austria, and Albania at the 49th Session of UN General Assembly, who took mention of Kosova, expressing concern and calling for a solution to its issue. President Rugova also said he appreciated the stands expressed at the Chairing Committee of the international conference on former Yugoslavia, in which the question of Kosova was also mentioned. "The EU representative, the German representative respectively, said at the meeting that the question of Kosova should be included in the search for an overall solution to former Yugoslavia problems. Lord Owen affirmed this stance in Geneva," President Rugova said.

Speaking on the current situation in Kosova, President Rugova said that it was burdened by every-day and systematic repression. House raids under the pretext of arms searches continued, together with maltreatment of Albanians, such as in Istog, Vushtrri, Kamenica, Gjakova, Prishtina, Mitrovica, Peja, Viti, Skenderaj, Gjilan, etc. Violence was likewise targeted against LDK [Democratic League of Kosova] activists, such as in Viti and Gjilan, as did the violence against education, especially in Ferizaj, President Rugova said, adding that also the eviction of Albanians from their apartments continued in Mitrovica. Taking mention of one example in which Serb policemen carved a cross on the chest of an Albanian in Malisheva. "The police have been repeating similar acts in order to engender in the Albanians the feeling of religious hatred, which they do not nourish," President Rugova said of the case. Continuing, President Rugova said that five Albanian activists had been sent to serve prison terms. He demanded their release, as well as the release from prison of Mr. Ukshin Hoti, chairman of the UNIKOMB Party, who has been sentenced to five years in prison by a Serb court last week.

Speaking on the latest drives by the Serbian fiscal police in Kosova, President Rugova said that it had been intentionally incited by the Serbian governor Avramovic himself in his statement on alleged mythical sums of money in Kosova, in the hands of the Albanians. "Regardless of this statement, if there were any excess of money flow in Kosova it is a result of hard work by the Albanians and their political and state organizing in Kosova. Since he (Avramovic) wants a loan from the Albanians to the so-called bank of Yugoslavia, we can say that the Albanians had been giving far too much to former Yugoslavia, and they have no wish to continue giving," President Rugova said in his comment on the latest ordered plundering of Albanian economy in Kosova. Furthermore, President Rugova demanded from the European Development Bank, and other international banking institutions to consider the possibility for opening offices in Kosova, as one of the eight former Yugoslav federation republics, in order to help the Kosova capital and public and economic activity.

Commenting on the recent campaign in the Serbian press on the alleged economic criminal activities of the Albanians, he said that these were but labels in trying to discredit Albanians as arms, narcotics trafficking, and as terrorists. All the Albanian territories, including Kosova, Albania, and Western Macedonia are included in the labeling campaign, he said. "We want to remind that the heaviest drug trafficking is being circulated through Serbia, and even Belgrade."

Ending his comments, the President of the Republic of Kosova said that in the face of ever increasing repression in Kosova, he reiterates his call for an international protection of Kosova, as its is becoming increasingly an international issue. Asked to comment Lord Owen's statement in BORBA stating that the Albanians allegedly had no right to confederation similarly to the Serbs and Croats in Bosnia, President Rugova said: "I wish to have no polemics, but I want to stress out that will insist that this confederation be also valid for Kosova, as it was one of the eight former federal units of Yugoslavia. One must also consider the new created realities."

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